“Datamatics Global Services Limited

Q4 FY ‘25 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Datamatics Global Services Limited Q4 FY '25 Earnings Conference Call. As a reminder, all participants lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

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

Pratik Jagtap: Thank you, Manav. Good afternoon to all the participants in the call today. Welcome to the Q4 FY '25 Earnings Call of Datamatics Global Services Limited. The Results and Presentation have been already mailed to you, and it is also available on the website of Datamatics. In case anyone has not received a copy of Press Release or Presentation, please do write to us and we will be happy to send you all.

To take us through the results today and to answer your questions, we have with us the top management of the company represented by Rahul Kanodia, Vice Chairman and CEO; Ankush Akar, SVP and Chief Financial Officer; Mitul Mehta, EVP and Chief Marketing Officer. Rahul will start the call with a brief overview of the quarter on business, which will be then followed by Ankush who will take us through the financials. Then we will open the floor for Q&A session.

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

With that said, I now hand over the call to Rahul sir over to your Rahul sir.

Rahul Kanodia: Thanks Pratik. And very warm and welcome to all of you. And thank you for joining us for the Q4 FY '25 earnings call. I will begin by sharing key strategic highlights from our quarterly and annual performance, after which Ankush will provide a detailed overview of the financials. We will then open the floor for questions.

We delivered a steady performance in Q4 FY '25 with revenue of INR 497.2 crores, which is up 20.5% on a year-on-year basis and an EBITDA of INR 74.5 crores, reflecting a 15.3% year-on-year growth. Of course, this includes Q4 revenue contribution from TNQTech, which we acquired on the 31st of December 2024.

For the full year, we achieved revenues of INR 1,723.4 crores, representing a year-on-year growth of 11.2% over FY '24. On an overall basis, 3% of our growth came from organic performance and the balance came from acquisitions. This year, we have seen an unexpected dip in volumes from our tax business due to the tax volume shifting to in-house captive centers. And we are seeing some slowness in pipeline velocity and decision making due to the tariff uncertainties. Going forward, we will continue to focus on our strategic accounts, expand our presence in the US and European markets, and drive cost optimization. To achieve this, we are aligning our teams around strategic and key growth accounts.

AI remains a cornerstone of our strategy. We believe in AI's transformative potential and remain committed to delivering impactful business outcomes for our customers through our AI-first approach. We are seeing more proof of concepts being done in this space and some of them converting into projects.

The Board of Directors has recommended a final dividend of INR 5 per share, which translates to 100% of the face value, which is INR 5, reaffirming our commitment to shareholders.

In closing, I would like to express my sincere gratitude to our employees, customers, partners and shareholders for their continued trust and support. With that, I will hand over to Ankush for financial update.

Ankush Akar: Thank you, Rahul. Welcome, everyone, and thank you for joining us in Q4 FY '25 Earnings Call. Let me start with financial performance for the Q4 FY '25 and then I will take you through the Full Year FY '25 financial performance as well.

Our Q4 FY '25 revenue stood at INR 497.2 crores, reflecting growth of 16.8% on quarter-on-quarter basis. Our EBITDA for the quarter is stood at INR 74.5 crores, reflecting a 36.6% growth compared to the previous quarter. Our EBITDA margin for the quarter was 15% compared to 12.8% in the previous quarter. Our EBIT for the quarter stood at INR 54.5 crores, reflecting a 21.9% growth compared to the previous quarter. Our EBIT margin for the quarter was 11% compared to 10.5% in the previous quarter. Our Q4 FY '25 performance includes full quarter numbers of TNQTech acquired on 31st of December 2024.

Our other income for the quarter was INR 8.1 crores as compared to INR 10.7 crores in the previous quarter. The decline was due to the utilization of funds for the acquisition reflecting in lower income from investments. Our PAT after non-controlling interest was at INR 44.9 crores, down by 39.6% on quarter-on-quarter basis. The decline is due to an exceptional-item one-time gain in Q3 FY '25.

In terms of segment, our Digital Operations revenue for the quarter was Rs 266.4 crores, which is up by 49.7% on a quarter-on-quarter basis. Digital Operations EBIT margin was 16.4% for the quarter. Digital Technologies revenue for the quarter was INR 159 crores, which is down by 8.3% on quarter-on-quarter basis. Digital Technologies' EBIT margin was 1% for the quarter. Digital Experiences' revenue was INR 71.7 crores, a decline of 3.3% on a quarter-on-quarter basis. Digital Experiences' EBIT margin was 13.1% for the quarter.

Talking about FY '25 Financials:

Our revenues stood at INR 1,723.4 crores, reflecting growth of 11.2% on Y-o-Y basis. Our EBITDA for the year was INR 229.3 crores and EBITDA margin was 13.3%. Our EBIT for the year was INR 181.2 crores and EBIT margin was at 10.5%. PAT after non-controlling interest was at INR 205 crores and PAT margin was 11.6%.

For the financial year, if we see this segment, our Digital Operations revenue for the year was INR 785.8 crores, which is up by 13.2% from the previous year. Digital Operations EBIT margin was 14.9% for the year. Digital Technologies revenue for the year was INR 655.9 crores, which is up by 7.3% from the previous year. Digital Technologies' EBIT margin was 3.6% for the year. Digital Experiences revenue for the year was INR 281.7 crores, which is up by 15.4% for the previous year. Digital Experiences EBIT margin was 14.3% for the year.

We continue to maintain a healthy balance sheet despite utilization of funds for two acquisitions. During the year, our cash and investments net of debt remained strong at INR 415.3 crores. Our billed DSO was 57 days as of March 2025 as compared to 67 days as of March 2024.

In terms of geographical footprint, US remains our largest geography with 54% of the business coming from here, followed by India at 21%, UK and Europe at 15%, and rest of the world at 10%. In terms of industry footprint, technology and consulting was the largest segment for us, which constitutes 26% of the revenue, followed by BFSI which stood at 21%, then education and publishing stood at 18%, manufacturing and logistics which stood at 13%, non-profit and non-government organizations at 10%, retail at 8%, and rest of all are 4% of the revenues. Our client concentration remained healthy with top 5, 10 and 20 clients contributing to 20%, 33% and 48%, respectively.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Mihir Manohar from Carnelian Asset Management. Please go ahead.

Mihir Manohar: Yes, thanks for giving the opportunity. Sir, I largely wanted to understand the digital tech part of the piece. I mean, so when I go to the presentation and through the website, broadly I mean we are doing managed services, Salesforce implementation, Microsoft related work and automatic fare collection also. If you can throw some light here as to what exactly are we doing here in digital tech? Because the reason I wanted to understand is the margins that is 4%, 5% EBIT margin range, 4 to 6%, so why is it that our EBIT margins are in this band versus when we see for other IT companies they are in the 11% to 15% band, depending on the company that you select. So, just wanted to get the sense as to what are we doing exactly here and how why our EBIT margins are this 4% to 6% range?

Rahul Kanodia: Sure. So, if you look at the core IT services, they are in the range of about 15-odd-percent in EBIT terms. That is impacted for two reasons. One is that all our investments in product development and the R&D that we are doing in AI is going into this bucket. And the second is the business that we do with automatic fare collection is also not a very healthy margin business, plus it has a large component of hardware. Since we are not a hardware company, it's basically a trading margin that you make on that. So, the AFC piece and the investments in products is what is eroding the margins. If you look under the sheets, basically the core IT services is running at about 15% margin.

Mihir Manohar: Okay. So, this 15% you mentioned is EBITDA or EBIT?

Rahul Kanodia: 15% is EBIT.

Mihir Manohar: EBIT, okay. If you can quantify the impact of yield driving both these things AFC as well as investments, I mean, so AFC is how large for us, I mean, out of INR 650 crores?

Rahul Kanodia: Yes, it is about Rs. 85 crores, INR 90 crores roughly, ballpark.

Mihir Manohar: On a quarterly basis?

Rahul Kanodia: No, no, no, annual basis, but that's a very low margin.

Mihir Manohar: Understood. Sure. Correct. And these investments that we were mentioning about before, these are the company level investments or only these segment level investments?

Rahul Kanodia: So, all the investments on technology fits into this. So, no matter where in the company we do R&D, all of it comes into the IT bucket.

Mihir Manohar: Okay, understood. Sure. That's it for my side. Thank you.

Moderator: Thank you. We have our next question from the line of Hemant Shah from Seven Island PMS. Please go ahead.

Hemant Shah: Hi, thank you for taking my question. Could you help me with the revenue contribution of TNQ in Q4?

Rahul Kanodia: Yes. TNQ revenue contribution in Q4 is about INR 74 crores.

Hemant Shah: INR 74 crores. And for the full year FY ‘25 what would be it? I mean, when we acquired the company last year it was around INR 290 crores.

Rahul Kanodia: Yes, I think it is around INR 287 crores or INR 290 crores, yes.

Hemant Shah: Okay. And secondly, is there any one-off with respect to this acquisition? In Q3 we had INR 5 crores of one off I think you had mentioned, is there any one-off in Q4?

Rahul Kanodia: One-off expense you mean?

Hemant Shah: Yes, one-off expense.

Rahul Kanodia: Yes, we had a one-off expense for the acquisition of TNQTech. Ankush you want to say something?

Ankush Akar: So, we had one-off expense in the last quarter, quarter three, which was for the acquisition. For this quarter there is nothing as one-off.

Hemant Shah: Okay, okay. So, basically the depreciation and amortization, which has gone up from say almost INR 7 crores to INR 20 crores, this is going to be the new normal?

Ankush Akar: So, basically, when we do the acquisition, there is intangible assets as well which get generated. So, there are two basically intangible assets, goodwill and customer contracts. So, this is basically an amortization of that customer contracts which will continue for the few quarters basically till it is amortized.

Hemant Shah: Okay. So, this includes goodwill amortization as well?

Ankush Akar: Goodwill is not amortized, only the customer contracts which we have created. So, the INR 7 crores will continue for few quarters till it is amortized fully.

Hemant Shah: Could you quantify how many quarters?

Ankush Akar: It will be roughly over three years.

Hemant Shah: Over three years, alright. Okay. So, my next question would be after this TNQTech, this will be the first full quarter?

Rahul Kanodia: Last Q4 was the full quarter, this will be the first full year.

Hemant Shah: Yes. So, FY '26 will be the first full year of TNQTech numbers, correct, I mean, consolidated numbers?

Rahul Kanodia: Correct.

Hemant Shah: So, if you see, we have done INR 1,723 crores of top line and I think TNQTech anyway is going to have a top line of INR 300 crores. So, technically we should do around the INR 1,950 crores of sales for going forward in FY '26 comfortably without assuming any growth in the normal businesses, including the Lumina Datamatics as well as Datamatics standalone?

Rahul Kanodia: That is correct.

Hemant Shah: Okay, okay. And where do you see, Rahul, the margin expansion scope? I mean, in terms of Digital Operations we have done in Q4 16%, but if you see yearly it has declined, and even in Digital Experiences Q4 has done okay, but yearly I think it has declined. And Digital Technologies I think has done really bad margins, I mean, EBITDA margins.

Rahul Kanodia: So, yes, it appears bad because of just the spend that we have, point number one. And point number two, in technologies we did have a little bit of a dip in revenue in Q4. Having said that, the measures that we have taken to control costs should show us a significant change across the board. The maximum change you should be in the Digital Technologies area that you will see. But even in Digital Experiences we see an improvement in margin. So, we will see margin improvement, more so in these two pockets but you will see it across the board.

Hemant Shah: Okay. Even in Digital Operations we will also see some improvement because of TNQTech?.

Rahul Kanodia: Yes. That is correct. Partly because of TNQTech, and partly because of some cost cutting measures that we have already taken care off.

Hemant Shah: Okay. So, if you just analyze this, I mean, and then for the next year, can we comfortably expect 150 bps to 200 bps of margin improvement? I am not talking about the guidance, of course, this is pure mathematics.

Rahul Kanodia: Yes, I expect that.

Hemant Shah: Great. And lastly, could you throw some idea on deal wins, Rahul? We have mentioned four or five deal wins in the presentation, is the size is above INR 20 crores annually or below INR 5 crores annually?

Rahul Kanodia: So, these new deals or new logos that we win, typically always start small in this scale. So, there are some very good logos that we have acquired, but they will always start with the range of $200,000, $300,000, that's about INR 1.5 crores to INR 2.5 crores. But then they scale depending on how the performance goes, yes.

Hemant Shah: Okay. But is there any deal we have won over say INR 10 crores or even higher?

Rahul Kanodia: Yes, yes, there are. And there are some in the pipeline as well that we will close hopefully very soon.

Hemant Shah: Okay, great. So, lastly, I think if you can throw some light on AI driven revenues in FY '25, I think you have mentioned around $40 million in Q3.

Rahul Kanodia: $40 million of AI?

Hemant Shah: For the year.

Rahul Kanodia: Our total top line roughly is $200 million, so $40 million just pure AI would be very heavy.

Hemant Shah: Okay. So, what would be the AI driven revenue?

Rahul Kanodia: Right now we are not tracking specific AI driven revenue because we are injecting AI across the board in multiple areas. So, in every project there is some component of AI that's coming in. It is very difficult to track pure AI revenue. Having said that, there have been a few POCs that I mentioned in my address, there are a few pure AI proof-of-concept projects done and they are now converting into live projects.

Hemant Shah: Okay. So, every year we spend around INR 40 crores to INR 50 crores with respect to the R&D and the technology spend, right?

Rahul Kanodia: That is correct.

Hemant Shah: Which is going to continue even in '26-'27 as well?

Rahul Kanodia: It will continue. We are realigning some of that from some product investments that we were making towards AI. So, we are sort of reallocating some capital. But yes, fundamentally these will continue.

Hemant Shah: Okay. Fair enough. And lastly, sorry to take so many questions. Thank you for this INR 5 dividend, this is a very good gesture. And I just wanted to know, I mean, there is one likewise competitor in the market in the stock listed space which is MPS limited.

Rahul Kanodia: Yes.

Hemant Shah: And if you see the financials of MPS, I think it has steadily grown in terms of volume and even in terms of margins. If you see three years back, the size of the company was almost half the size which is today. And the margins have also already expanded from say 18% to almost 23%, 23.5%. I mean, can we see this kind of trajectory with Datamatics Lumina, Rahul, because we have acquired so many fantastic assets and so many beautiful companies?

Rahul Kanodia: Yes. It would not be correct to compare all of Datamatics with MPS. MPS is one component of what we do. TNQTech, for example, that fits into that space. But there's a lot more than Datamatics. That's point number one. Point number two is that the margins in that space is similar for our division that's into digital content as well as TNQTech is similar to MPS. And the third is that the growth rate that you have seen in MPS has largely come through acquisitions. It has not been organic growth. So, yes, if you consider acquisitions, then you will see that. But right now, we have already made two acquisitions this year, so coming financial year we are not looking at any significant acquisitions.

Hemant Shah: Okay. But I mean, margin expansion as you rightly mentioned, around 150 bps to 200 bps is on a consol basis Datamatics all-inclusive is visible, right, and possible?

Rahul Kanodia: Yes. Yes.

Hemant Shah: Okay. Thank you so much. Thank you for taking questions. Thank you.

Moderator: Thank you. We have our next question from the line of Hemant Shah from Seven Island PMS. Please go ahead.

Hemant Shah: Thank you for taking one more question. This is with respect to the interest cost and the debt is what we have taken, around INR 150 crores on the balance sheet for FY '25.

Rahul Kanodia: Yes.

Hemant Shah: So, how would the fund repayment we would be doing? And this is for the TNQTech acquisition I assume?

Rahul Kanodia: Yes, that is correct, this is for the TNQTech acquisition. See, we are cash rich, so we can pay it off. So, I do not think we have any concern from payment. We will pay down those from future revenue accruals and profit accruals. That's the plan, and it's always good to remain liquid and that's the reason why we did take some debt.

Hemant Shah: Okay, fair enough. But we will be repaying it in the next two years or so from our internal cash flows?

Rahul Kanodia: Three years.

Hemant Shah: Three years, okay.

Ankush Akar: See, on a yearly basis we are generating almost INR 200 plus crores of operating cash flow. So, I think borrowing is not an issue as of now.

Hemant Shah: Correct. I think with TNQTech we can generate even 20% to 25% more, Rahul, if I am not mistaken.

Rahul Kanodia: Yes.

Hemant Shah: Alright, fair enough. But as a shareholder we would like to see margin improvement in all three segments, Rahul, Digital Technologies, Operations as well as Experiences. Since you are spending so much on R&D and automation, I think the fruits are still not visible. I mean, is there any reason or it's been still I think the business is asking for more spend?

Rahul Kanodia: No, I think the spend in the business will be at a steady state. So, it's not asking for an increase in the spend, I think now the spend has to be more in some solutions that we take to market. So, it's more from a go-to-market kind of a thing. So, I am confident that we will see improvement on the bottom line across the board in this new financial year.

Hemant Shah: Okay. Because we have, I think, almost spent maybe INR 250 crores or INR 300 crores in last five or six years, right?

Rahul Kanodia: That's correct.

Hemant Shah: I think it would not be fair to assume 20% ROI for this investment.

Rahul Kanodia: Some of them have an opportunity, potential to give us some very good returns. So, yes, let's see how that goes, we are still bullish.

Hemant Shah: Okay, fair enough. And you mentioned some slowdown in terms of intakes of the orders and some slowdown with the US market. Can you throw some light?

Rahul Kanodia: Yes, we are seeing some of our customers go slow or pause some projects given the uncertainties around tariffs and given the possible inflation that they are talking about in the US. And we also see that impacting the pipeline a little bit. However, in the last week or two weeks, we have seen some easing off with the US Administration as far as China, Turkey, Syria and Saudi, I mean, all these countries that we talk about. So, if some of these things settle, then we should see an uptake hopefully soon.

Hemant Shah: Okay, fair enough. And lastly, we have 20% of our business from India.

Rahul Kanodia: Yes.

Hemant Shah: So, where do you see the potential of Indian market going on? And 20% is almost roughly INR 350 crores of business.

Rahul Kanodia: So, India is a tricky one because India is a very good market, but it is a price sensitive market. So, from a growth perspective India looks good. However, from a margin perspective, India will always be a little compressed, and that is the challenge we have with India.

Hemant Shah: Okay. But do you see the products you are offering, I think no other companies are offering to the MSME sector or maybe small companies. I mean, do you see that kind of potential? I think India is growing, I do not know how far the market is growing in terms of the products what you are catering to.

Rahul Kanodia: No, the products we are selling in India as well as the Western markets. And the Western markets of course we get much better margins. A large part of it is also Digital Operations. So, Digital Operations hopefully we will get a flip when we are able to implement some AI solutions. Although having talked about AI, again, right now the pricing structure of AI for India is still a bit of a challenge. The cost is not as cheap as India would like it to be, as a geography that is, because labor cost is quite cheap here. So, once that matures then we can deploy it and try to reduce the cost in India. But right now the Indian customers are a little vary when it comes to deploying AI because it does not give them financial gain, it gives them automation but not necessarily a financial gain.

Hemant Shah: Right, fair enough. Alright, thank you for taking all my questions Rahul. All the best and I will connect soon. Thank you.

Rahul Kanodia: Thank you.

Moderator: Thank you. We have our next question from the line of Reuben Matthews from Equity Intelligence India Private Limited. Please go ahead.

Reuben Matthews: Yes, hi. I just got a quick question. I believe you recently met with Google. I am just trying to understand how did the meeting go? I mean, can give a little bit more information on what exactly would you be doing with Google?

Rahul Kanodia: So, we had a good meeting with Google, it's about the joint go-to-market. So, we are taking some of their solutions, particularly using AI to the market and they are taking us to their customer base as well. So, it's a joint initiative to deploy AI solutions to the customer base that we have and that they have. And we are building some other solutions on top of their platform.

Reuben Matthews: Okay. So, is that one of the deals that you said that you won or is it still under discussion?

Rahul Kanodia: No, we have not yet closed any deals with Google, those are still in the pipeline.

Reuben Matthews: Thank you.

Rahul Kanodia: Thank you.

Moderator: Thank you. We have our next question from the line of Mihir Manohar from Carnelian Asset Management. Please go ahead.

Mihir Manohar: Yes. Thanks for giving the follow-up. Pardon for my ignorance sir, I broadly wanted to understand this AI investments that we are making, what are these towards exactly? I mean, I know that we have TruBot, TruCap, Lumina, different categories of products. So, I mean, these investments that you are making and what exactly are they into?

Rahul Kanodia: So, they are in building these products, now we have been putting a lot of GenAI into these products, and now we have got something that we are developing is agentic AI. So, we are building solutions around agentic AI. So, all of that is where the R&D is going around the latest technologies around AI. The whole space of AI is moving very, very fast right now and therefore it means that we are on our toes, cautiously doing R&D and implementing the latest solutions available. So, yes, these products are around automation, around intelligent document processing extracting and interpreting information, and around business intelligence.

Mihir Manohar: Okay, understood. And would these products be sufficient itself for us to, I mean, in the future revenue generation becoming directly possible only from the sale of products or subscription of products? Or will it be a part of managed services and product like services kind of a thing going ahead?

Rahul Kanodia: It is both. So, we are selling these products as licenses and we are also using these products as part of our managed services, so it's both.

Mihir Manohar: Okay. Understood. Out of INR 1,700 crores how much will be pure product revenue?

Rahul Kanodia: So, that's a little tough one because those that go as part of managed services, we are not able to track that revenue specifically to the product. And the cost of the R&D and product building is all put into the Digital Technologies bucket. Therefore, you see the technology bucket having a little depressed margin.

Mihir Manohar: Understood. So, what would be the annual investment that would be towards the agentic AI investment?

Rahul Kanodia: That's hard to say. AI in general, AI and all the products together is about INR 40 crores to INR 50 crores, but I cannot slice it out, break it up to give you these slices, because there's a lot of interrelationships between them, it's hard to say what is what.

Mihir Manohar: Sure, sure. Second question was on the comment in the start you made, I mean, there was some dip in volumes because of the shift to captive centers. Is this happening in your top 10, top 20 clients? How to see this? And how important or how significant is this? Or in which area it is happening?

Rahul Kanodia: Yes, it did take place with some of the top customers. And if you see the top five customers that we have had, we see a dip in the percentage of revenue that we get. But generally, in industry one does see a trend towards captive centers, and we see growth in the captive units and companies preferring slowly moving in that direction. However, the current customer base that we have, I am not seeing too many shifts. I am not worried about that. But yes, some of the larger customers do explore having their own operations in India.

Mihir Manohar: Understood. Sure. Got it. Thanks it from my side. Thank you.

Rahul Kanodia: Yes. Although I do see very often captives and vendors coexisting in an enterprise, so they have a dual model where they do both.

Mihir Manohar: Understood. Also the one last question on this captive centers. I know we have seen captive centers built up in the last two, three years. From a broader thought process perspective and from an industry perspective, when do captive centers start getting importance versus outsourced players? At what stage of industry does that happen? How does industry valuation happen, just wanted to understand that? Is it that when new technology comes in, people tend to have more of captive centers, and slowly, gradually, eventually as and when it gets more used, it start shifting to outsourcing, how does it happen?

Rahul Kanodia: No. So, there's no pattern in the industry and we have seen it across the board that large companies have captives, they have divested. Small companies have started captives. It's all over, there's no pattern as such. Typically, they do not do it for new technology. New technology is easier with vendors because vendors service many more customers and therefore more exposed to technology. So, that is certainly not a trigger. But there is no pattern in the industry to who is inclined to go with the captive versus who is inclined to go with the vendor.

Mihir Manohar: Understood. And just regarding the client, the captive center that you basically saw this saw in BFSI or tech or consulting part of the piece?

Rahul Kanodia: BFSI.

Mihir Manohar: That's it from my side. Thank you.

Rahul Kanodia: Thank you.

Moderator: Thank you. We have our next question from the line of Sahil Jain from Enigma Investment Partners. Please go ahead.

Sahil Jain: So, sir with the increase in TNQTech revenues, will we see a shift in geographic concentration, like well the US and Europe concentration increase from the pie?

Rahul Kanodia: You will see, and you have seen some of it already. But yes, you will see the piece increasing more in Europe than in the US because the Datamatics ratio in the US and TNQTech ratio in the US is roughly the same, so you would not see too much impact on the US. But yes, you will see growth in Europe.

Sahil Jain: So, that will automatically get transferred into higher margin, right, from what we are currently doing?

Rahul Kanodia: That is correct.

Sahil Jain: Understood, sir. And sir, can you just give an outlook of how the Dextara business is performing? Any sort of tariff impact or anything that is affecting that business?

Rahul Kanodia: No, no, tariff impact on that. I think the whole tech and BPO industry is right now insulated from the tariff war. You never know what comes in the future. But as of now, I think its okay. Dextara has been a little soft in performance, but this year we should have an uptake. In fact, I mentioned in the last call that we have got five logos from the Datamatics customer base where we successfully cross sold Salesforce services.

Sahil Jain: Understood. That is all from my side. Thank you.

Rahul Kanodia: Thank you.

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

Rahul Kanodia: Thank you everybody for being on this earnings call for the year ending '24-'25. I look forward to talking to you once again as we enter the new year in the next quarter. Thanks once again for your time with us.

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

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