

November 6, 2025

BSE Limited

The Listing Department
Phiroze Jeejeebhoy Towers
25th Floor, Dalal Street
Fort, Mumbai 400 001
Maharashtra, India

BSE Scrip Code: **544309**

National Stock Exchange of India Limited

The Listing Department
Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex
Bandra (East), Mumbai 400051
Maharashtra, India

NSE Symbol: **IKS**

Dear Sir/Ma'am,

Sub: Transcript of the Q2HY FY 2025-26 Earnings Conference Call

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call held on Friday, October 31, 2025, with respect to the Company's financial results for the quarter and half year ended September 30, 2025.

The said transcript has also been uploaded on the Company's website and can be accessed through the following link:

<https://ikshealth.com/ir/2026/q2/transcript-q2.pdf>

This is for your information and records.

Thanking you.

Yours sincerely,

For **Inventurus Knowledge Solutions Limited**

Sameer Chavan

Company Secretary and Compliance Officer

Membership No. F7211

Encl: As above



“Inventurus Knowledge Solutions Limited

Q2 FY '26 Earnings Conference Call”

October 31, 2025



MANAGEMENT: **MR. SACHIN GUPTA – FOUNDER AND GLOBAL CHIEF
EXECUTIVE OFFICER**
 **MS. NITHYA BALASUBRAMANIAN – WHOLE-TIME DIRECTOR &
CHIEF FINANCIAL OFFICER**
 MR. SARANSH MUNDRA – VP, INVESTOR RELATIONS

MODERATOR: **MS. RUCHI MUKHIJA – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to IKS Health Q2 FY '26 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode. 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 touchstone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Ruchi Mukhija from ICICI Securities. Thank you and over to you, Ruchi.

Ruchi Mukhija: Good morning, ladies and gentlemen. Thank you for joining us today on Q2 FY '26 Earnings Call of IKS Health. On behalf of ICICI Securities, I would like to thank the management of IKS Health for giving us the opportunity to host this earnings call.

Today, we have with us Mr. Sachin Gupta, Founder and CEO, Ms. Nithya Balasubramanian, CFO, and Mr. Saransh Mundra, Head of Investor Relations. I turn it over to Mr. Saransh for his brief statement and to take the proceedings forward. Thank you and over to you, Saransh.

Saransh Mundra: Thank you, thank you, Ruchi. Good morning to everyone on the call. Welcome to our third earnings call. Or is it fourth? Yes. Fourth, yes, sorry. Welcome to our fourth earnings call. To discuss the performance for the second quarter, we hope you had the opportunity to review the earnings and also the FAQ release that we did.

Before I hand over to Mr. Sachin and Ms. Nithya, just a standard disclaimer. As part of our prepared remarks, we will make certain statements which are forward-looking in nature and involve uncertainty. We don't take any responsibility to update these statements and your discretion is warranted.

Sachin Gupta: Okay, great. Thank you, Saransh, and good morning and good evening, everyone, depending on where you're joining from. Thank you for taking the time to be with us this morning. As Saransh mentioned, by this time, you should have had the release of our financials last night.

That was released last night India time. I'll start off with giving an overview of the business, the state of the union, where we think we are, where we're going, and then I will carry on to talk a little bit at a high level about our financial performance for fiscal Q2, fiscal 2026, and then I will turn it over to Nithya for detailed remarks on the financials, after which we will turn it over to the audience for questions.

So, like traditionally, I'll start off with a bit of a macro. You know, the market opportunity, now this is our fourth call, the market opportunity continues to be large and exciting. U.S. healthcare is under tremendous pressure, and our care-enablement platform that enables physicians to deliver better, safer, more efficient care continues to be more relevant than ever in solving the cost, quality, and access challenges that are faced by providers and the healthcare delivery system in this \$5 trillion-plus U.S. healthcare system.

Also cover a couple of comments on the macro. There are three things that I think everybody continues to think about from a macro perspective as it relates to our business. Tariffs, H-1B visas, and the big beautiful bill, amongst other things. And I just wanted to clarify that on

tariffs, you all know what the status is, so luckily, so far, we've been pretty protected from that perspective and continue to feel optimistic about it.

We do not have any exposure whatsoever from an H-1B perspective. Our business model entails combining technology effectively with our global resources in their respective local geographies, be it the U.S. or India to deliver better, safer, more efficient care. And then on the big beautiful bill from everything that we've interpreted so far, what it really does, if anything is, continues to put more pressure on providers to deliver better care at even lower reimbursement rates, for example, in things like Medicaid. And so from all of those perspectives, that only accentuates the need for our platform in order for them to become sustainable.

So, I think from those three big-picture regulatory perspectives, we feel pretty confident about the relevance and the sustainability of our platform and our business model. As it relates to how we think about our business, as I've always said, we look at our business as if we are becoming this ubiquitous, inseparable part of our customers' operating environment that is then helping them operate most efficiently.

And who are our customers? These are the large physician enterprises in America. Some are owned by hospital systems because they like the referrals and some are independent or equity-owned or owned by private equity. Some are public. And because we are an inseparable part of our customers' business, it creates a lot of repeat revenues, annuity revenues, which is reflected in 85%-plus of our revenues coming from repeat customers and as you see, a very healthy vintage of our top 10 and top 5 clients.

With that, why don't I move forward into one last comment. I'll just remind everybody, the market, this \$5 trillion market, specifically the physician segment and our TAM, which is now north of \$260 billion, is growing at a very healthy 8%, and there is little to no cyclicality in that 8%. And the outsourced TAM is really growing at 12%. So again, I'll repeat that as long as we grow faster than 12%, we are gaining market share. If we grow slower than 12%, God forbid, we're losing market share.

So, with that, let me move to the five key pillars of our execution, within which we tend to benchmark our own performance. Saransh, if you can move. I'll remind everybody, the five pillars essentially are - First, transforming what was traditionally our human-led and tech-in-the-loop model to a truly AI-native and agentic platform manifest. We have made some tremendous progress in this vector over this last quarter-odd.

Happy to note, you must have seen some press releases that we were also recognized by Google Cloud. We've actually launched the industry's first encounter-to-reimbursement platform that essentially integrates our fully autonomous, ambient, scribe-now clinical documentation product, with our patient financial clearance, coding, and RCM workflows. Again, to create industry's first encounter-to-reimbursement agentic platform with interconnected workflows.

In addition to that, we've made continued progress in leveraging AI effectively in several of our features, specifically as it relates to revenue cycle, whether it is in the denial prevention and prediction realm, in the patient financial clearance realm, and even in the optimized scheduling realm. Then on the clinical side, significant movements as it relates to our features that drive physicians and the care team's productivity, those are in the areas of inbox management for physicians and clinical data management for physicians.

One line that I keep using is, with the advancement of Gen AI, documents where a lot of unstructured data for physicians used to get stuck have now become sort of the liquid gold for data because these abstraction algorithms have become so good that we're actually able to take unstructured data from these documents and convert them into structured data very rapidly and use them meaningfully. So tremendous progress on this first vector of AI native, taking a platform to make it AI native and agentic where applicable.

The second vector of our execution really was around the AQuity acquisition for which we are now almost two years in. In fact, it might be exactly two years as we talk today. And there were three aspects of driving success in the AQuity acquisition. The first was to integrate both our companies to operate like one company. I think that one is more or less complete.

The second one really was around taking the 24% combined pro forma margins at the time of acquisition and transforming the AQuity delivery model through the right combination of our technology and global human execution.

Happy to note, and as you might have evidenced in our Q2 financials as well, I think we're ahead of plan on that front and we're really more or less complete on that margin transformation that we had embarked on and perhaps are really in the last stages of putting final touches to it. So on two of those three, I think our execution has been super successful.

On the third one, driving cross-cell motion in the large AQuity health system install base. We were a little slow to get out of the gate, but I feel like we're really starting to pick up momentum on that front as well. But I will still say if you look at it like a cricket test match, we're still in the first innings of the four innings of that cricket test match as it relates to driving the cross-cell motion.

So maybe we're in the first of five days of that journey and there's a lot to come and develop on that front. But just to be clear, so on these first two vectors, tremendous execution over the last quarter or two. And that is also really these two vectors that are being reflected predominantly in the margin expansion that you've seen over the last couple of quarters in our numbers. I know many of you are curious to understand what are the drivers of this margin expansion.

Remember, our primary model and a large part of our business is outcome based and we're doing more and more platforms, which are all the features in one deal in an outcome based model. And as we do more and more of those deals, as we drive more and more penetration of AI to eliminate human intervention and drive more autonomy in each of the tasks that we do on behalf of these physician enterprises, a lot of that can fall to our bottom line. And then of

course, there's bottom line benefits like I was saying from transforming the AQuity operational model. So those are the first two vectors.

The third piece is a very important aspect of our business. Again, depending on the various market segments that we operate in, the large single specialty medical groups like a GI or a dermatology or orthopedics, large multi-specialty groups that are led by primary care and large hospital owned multi-specialty groups. Each of those markets has slightly different buying behaviors.

While we're seeing more and more uptake for platform manifests in the large single specialty and large multi-specialty groups, on the health system on large groups, the buying is still a bit more point solution oriented, which means that given that our long-term moat is that we are probably the only company in this industry that has the full breadth of the platform and that will benefit from this buying behavior continuing to move towards platform.

While that's a huge advantage for us in the single specialty and multi-specialty market segments, in the large health system market segments, because the buying behavior is still point solution and you have to continue to drive the land and expand motion, you're competing on a point solution basis. And so our execution predicament continues to be number one or two in each of those point solutions in the market, while being the only company that's driving the full platform.

And so I'm happy to note that we've actually made significant progress on both those vectors. We've announced recently a couple of very exciting platform deals that we continue to drive and then in addition, as you will see with some of the industry recognition that we've gotten from be it Google Cloud or Black Book or KLAS.

We're really making progress on making each of these 16 features of our platform number one or two in the industry. So this is a difficult vector to execute on, but I'm very proud of the team's execution on this front over these last couple of quarters and the first half of this fiscal.

The fourth piece was reinventing our go-to-market engine so that we have differentiated go-to-market strategies for each of the market segments that we operate in. I just described the market segments for you. Happy to note that I think we're starting to see early maturity in our go-to-market engines, which is the right combination of our sales, our product, and our marketing teams that are building differentiated go-to-market approaches depending on each of the nuances of the market.

Like I was saying, the health system market is still more point-solution oriented. The single specialty market is much more platform oriented. But even within the single specialties, we are driving strategies to build the best care-enablement platform for that specialty, be it dermatology, be it ophthalmology, be it orthopedics, what have you. So really strong progress there and good early signs of maturity.

And then last but not the least, we continue to see this last vector become more and more powerful. In an industry where healthcare IT has often failed on its promise to deliver the value that it is supposed to, to healthcare providers, even as they're spending hundreds of

billions of dollars, we have committed ourselves very early to not only build a business model that is aligned to outcomes, but really hold ourselves accountable to those outcomes in an even more upstream manner, aligning a large part of our revenues to our customers' outcomes.

As you know, we've gone further upstream in doing more and more of those deals through this construct of net economic value add guarantees. And I can tell you that as we go across the country, not only is that approach receiving a lot more receptivity and recognition, but we are also able to convert a lot of that into deal momentum. And for the deals that we have done there, I think there's good early signs that we'll be able to drive that net economic value add and create additional pillars, additional pools of economics from that while driving transformative value to our provider enterprises.

So, all in all, pretty strong execution across these five strategic vectors. And all of that has now really compounded together to, like I said, receiving several recognitions from the industry. I talked about the sort of interconnected encounter to reimbursement platform that is enabled by Agentic AI that drives nearly 80% autonomy. And in addition to that, quite a bit of recognition from the industry on our work.

All in all, leading to, if you could go to slide eight, Saransh, a platform that continues to execute on each feature moving in that journey from human-led and tech-in-the-loop to tech-led and human-in-the-loop to where in some of the features we're moving to complete autonomy. And we're tracking that movement for each of the features while we're connecting each of these features into a set of interconnected agentic workflows that then create that platform manifest that is becoming very compelling to several segments of our market.

So, with that, I will dive into how all of this is translating into our financial performance, which obviously many of you must have seen in our release, but perhaps want to hear more about. While I leave some of the details to Nithya, I will say that all of this has resulted in a fairly strong quarter in which we have delivered industry-leading top line and bottom line growth.

Revenue for the fiscal Q2, fiscal year 2026, came in at INR781 crores, which is an expansion of 22% on a year-on-year basis and 5.5% on a quarter-on-quarter basis. And that's in Indian rupees and on a constant currency basis came in at about 17% in U.S. dollar terms on a year-on-year basis, so very strong revenue growth.

Like I said, starting to see the early manifest of offsetting the reduction of the AQuity customer base with some cross-sell revenue and so as that offsetting manifests, we had always said that revenue growth will start to pick up.

So happy to demonstrate some of the early effects of that in our quarterly financials this quarter. All of this revenue growth has actually resulted in a tremendous bottom line performance, especially based on the drivers of this performance being continued manifest of AI in our features, eliminating a lot of the human intervention.

And then also continued transformation of the AQuity delivery model has resulted in the 22% year-on-year revenue growth, has actually resulted in a 43% year-on-year EBITDA growth and a 60% year-on-year PAT growth.

And so for the INR781 crores of revenue, we've delivered about INR272 crores of EBITDA and about INR181 crores of PAT for Q2 fiscal 2026. On a quarter-on-quarter basis, that reflects on the 5.5% quarter-on-consecutive quarter revenue growth. It's a nearly 14% EBITDA growth and a 19% PAT growth on a consecutive quarter basis.

So, all in all, I think a tremendous quarter from a financial performance perspective. And I will continue to remind us that I've been saying right from the get-go, if we are growing faster than the 12% that our TAM is expanding at, we're gaining market share and I think as you will see, this is our fourth consecutive quarter since we went public in which we continue to expand that growth and stay ahead of the TAM expansion and continue to accelerate that.

Also, as you will note, Nithya and I have been saying that, as we transform the AQuity margins and as we leverage the tailwinds of AI in our business model, which by the way, were accelerated by the addition of our new Chief AI Officer, Ajai Sehgal, an ex-Microsoft leader, we will get to EBITDA margins in the early to mid 30s.

And as you can evidence in our Q2 numbers, we've probably arrived there perhaps three or four quarters ahead of when we had thought we would get there. All of this has resulted in a strong growth in our top 10 customers and our top five customers. Our top 10 customers now comprise 45% of our revenue and the vintage of those customers continue to increase.

Our top 10 customers, really the average tenure is about six years and for our top five, it's really about seven years. So, solid growth on that front. And all in all, I would say a relatively strong quarter in terms of performance. All of this was achieved by continuing to drive some very significant customer wins.

Some that I want to highlight are one of the largest health systems in the U.S., AdventHealth, which is a legacy AQuity customer, has expanded their use of the IKS platform and we've been able to cross sell some features of our value-based care feature cluster in that platform. So, continued more signs of the cross sell starting to come into play, even as that is a test match that we are in the early innings of.

And then some really exciting wins both in the single specialty and the multi-specialty medical group businesses. In the multi-specialty group, the largest independent medical group in the state of Utah, Revere Health has entrusted us with our AI-enabled revenue cycle feature cluster of our platform.

And then the Jackson Clinic, which is one of the largest multi-specialty medical groups in the state of Tennessee, has entrusted us with a significantly large manifest of our platform including, but not limited to the revenue cycle feature cluster, but also several features of our clinical support feature cluster in the value-based care feature cluster.

And then last but not the least, a very exciting partnership with one of the leading cardiology roll-ups in the country that has come together and is on a tremendous growth path, but they have committed to us in a manner where they are giving us a long-term commitment for the full manifest of our platform. So this is another full platform deal and together, we'll actually be adapting our current manifest to the platform to create the cardiology care enablement platform of the future, working together with their clinical and administrative leadership.

This is another example of deals that we'll continue to do that'll have full platform manifests. Again, I remind everybody that we feel passionately about the opportunity that is created through our outcome-based deal structures that we recently embarked on and we're continuing to see tremendous momentum pick up based on those.

So with that, I will conclude my remarks on the overall health of the business. Again, a strong quarter of execution in what, in my opinion, continues to be perhaps a multi-decadal journey to make a truly positive impact on the very difficult situation that providers find themselves in U.S. healthcare. Nithya, I'll turn it over to you for further financials.

Nithya Balasubramanian: Thank you, Sachin. Good morning, good evening, everyone. Hope you all had a fabulous Diwali last week. Very happy to report pretty strong performance across the board. Revenues grew to INR781 crores this quarter, which represents a 22% year-on-year growth and a 5.5% quarter-on-quarter growth. EBITDA landed at almost 35% in the quarter or INR272 crores, which is a 43% year-on-year growth and a 14% quarter-on-quarter growth.

I want to highlight the non-linearity between the revenue growth and the EBITDA growth, which is being driven by the margin levers that Sachin mentioned earlier in this commentary. Our PAT landed at INR181 crores for the quarter, again, which represents a 60% year-on-year growth and a 19% quarter-on-quarter growth. Saransh, if you can move to the next slide.

EPS was INR10.8 for the quarter and ROE, return on equity remains rather healthy. And for the quarter, we had a return on equity of 32%. Cash flow was also very strong in the quarter. We had an operating cash flow of INR291 crores and a free cash flow of INR225 crores, representing a rather strong growth year-on-year and wanted to call out that FCF yield for the quarter was also rather strong at 124%.

The net debt continues to slide down in line with our strong cash generation. It stood at INR412 crores for the quarter and we hope to continue to see this number slide down in the coming quarters as well. Rather busy slide. I'll highlight just a few things over and about some of the metrics we've already covered. If you look at employee benefit expenses, our count of employees grew from 12,368 last quarter to 12,900-odd this quarter.

And our absolute expenses, therefore have trended in line. Of course, this employee addition is to support the new deal wins that we have been talking to you about. But if you look at it as a percentage of sales, that number has actually come down from 52.3% last quarter to 51% in the current quarter.

ESOP costs trended up slightly in line with our philosophy of aligning employee incentives with long-term shareholder value creation. EBITDA as discussed before, came in at 35%. It

does include a net forex gain of about INR 8 crores. Finance costs have trended down. Investors will note that we had disclosed that we have refinanced our term loan at a more attractive interest rate. So going forward, this number will continue to come down.

Depreciation interest income, they came rather in line with the last quarter. ETR for the quarter stood at 21%. For the full year, the range is likely to remain in 21% to 21%, which we had earlier communicated. We've also reported a small minor loss of INR1.4 crores on the WWMG-IKS MSO investment. And PAT for the period, therefore, stood at INR181 crores or 23%. Saransh, next slide.

Balance sheet remains rather strong, trending in line with a very strong performance. And if you can go to the next slide, Saransh. So our vintage of our top 10 clients as well as top five clients continue to remain strong and has trended upwards in the quarter as we continue to cement our relationship and value proposition to our customers. We will stop our prepared remarks now and invite questions. Over to you, Saransh.

Saransh Mundra: Ruchi , if we can start taking questions, please.

Moderator: Yes. Thank you very much. We will now begin the question and answer session. The first question comes from the line of Nilabja Dey from Ashmore Research. Please go ahead.

Nilabja Dey: Good morning, sir. And congratulations on a great set of numbers. Sir, actually, I'd like to know that one of the key things I want to know, first of all, you do not give any annual or quarterly guidance, that's fine. But what are the key metrics through which we can understand your company's progress? Because you are sharing only that adjusted EBITDA per employee, which is obviously moving up.

But that's coming from quarter to quarter because your client concentration is very high. It's one of the risks. But obviously, there are a lot of pros and cons. In case you do not give annual guidance, you do not share any ACV or TCV value or revenue from some of the other companies sharing from annuity revenue or subscription revenue, those things.

So how you are giving some visibility to your annual progress apart from that in terms of quantitative factors? Qualitative factors, there are N number of things. I really appreciate that. Can you please kindly share?

Sachin Gupta: Thank you for the question. I think we've, right from the get-go, all the way from our DRHP, published the key performance indicators. We've been consistent in outlining those. We've been clear that we will not give guidance. This is an early-stage market with a very long runway ahead. And so it's not a business that has total linearity.

And so we're intentional in not giving guidance. And we are continuing to try and give as much visibility on the KPIs. If you have some specific inputs, welcome to take those offline. But I think our KPIs have been published consistently as per our DRHP. And if you look at our comments that we made on all the calls, we try to give you as much visibility as we can into the market segments, the momentum into the market segments, the growth was between the cross-sell and the North.

And look, I mean, I think beyond the point, I know you probably want more details because you want to model that out over the next three, four years. I can just tell you that even as I run the business on a day-to-day basis, I don't find it very easy to model the business out. I can tell you what I think should happen over the next 10 years consistently, but what will happen every quarter and which exact metric will move in which way, I generally find it very hard. And so I'm sharing with you what we manage the business based on.

Nilabja Dey: Actually, I want to avoid what happened, I'm telling because we also want to -- do not want to move from quarter-to-quarter. Anyhow, thanks for your comments and all the best.

Sachin Gupta: Thank you.

Moderator: Thank you. The next question comes from the line of Chirag Kachhadiya from Motilal Oswal Financial Services. Please go ahead.

Chirag Kachhadiya: Yes. So I just want to understand in the standalone P&L, if you look at the employee activities, it's almost around 50% or so. And then just the revenue, if you look at it, it is very -- so why is the employee expense high, I mean, is the impact of wage hike or things such in the standalone entity?

Nithya Balasubramanian: So I would recommend that you not look at standalone financials. I think you will appreciate that we have four different entities, IKS India, IKS US, AQuity solutions in the US and AQuity India depending on where the contracts have been struck, we record revenues and profits as appropriate. So I would recommend that you not look at the standalone financials.

Chirag Kachhadiya: Okay. And second, about the margin trajectory, will this range be sustained or do you see any further improvement from here onwards in coming quarters?

Sachin Gupta: Thank you for the question, Chirag, but I think Nithya and I both have been maintaining over the last three or four quarters that we were on a journey to get to EBITDA margins in this, we were even thinking early to mid 30s. We've arrived at the mid 30s, perhaps three or four quarters sooner than we had ourselves imagined.

And I think this is and remember we've been able to achieve that while making tremendous investments both in our Go to market engine and our product and R&D organizations. As you know, the R&D spend of the EBITDA line now has gone from 3.5% last year same time to about 4.7% and approaching 5%.

And we've continuously been investing in the sales and marketing organization that is today up to 61 plus employees. And so I think, long story short, we're comfortable with the range of margins that we are at. And this gives us the ability to continue to make the appropriate investments in growth while being able to deliver superior bottom line benefits.

Chirag Kachhadiya: Thank you. All the very best.

Sachin Gupta: Thank you.

- Moderator:** Thank you. The next question comes from the line of Ruchi Mukhija from ICICI Securities. Thank you.
- Ruchi Mukhija:** First regarding the client concentration, 7% of your incremental revenue in the quarter came from top five clients this quarter. So we have a two-part question. Could you confirm if Palomar and WWMG are the primary drivers for growth in the quarter as depicted in the top five? And second, how should we think about the revenue trajectory of a non-top-10 client bucket in the near to medium term?
- Sachin Gupta:** So thank you for the question, Ruchi. I don't want we'd like to give client-specific details. In general, I can say that Palomar and Western Washington, both of those deals are performing exactly as per our expectations, perhaps a bit ahead of our expectations. And so, certainly have contributed to our continued growth in the top 10 client category.
- And obviously in the top five client category, we're also experiencing growth. And so, at least the way we look at the business, if our top clients are growing, that's a pretty healthy sign. And that's how we look at it. So, we would avoid getting into the specifics of exactly what the growth is on Western Washington and Palomar. I can just say that they're performing as per expectations. Nithya feel free to add anything in mind.
- Nithya Balasubramanian:** Ruchi, to the second part of your question on non top-10, I think it will remain choppy because we have discussed this before with you that for AQuity, we will continue to prune the number of clients. The non-top-10 growth is likely to remain choppy going forward.
- Ruchi Mukhija:** Got it. Given the typical business cycle, how do the enrollment season in US winters and the holidays impact IKS's second half performance? If you could highlight how the seasonality plays out for IKS?
- Sachin Gupta:** Great question, Ruchi. So, we're not really impacted by open enrollment and things like that. Those are really for the payer-focused businesses, health insurance-focused businesses. For our business, really, the seasonality, for the most part, believe it or not, comes from things like holiday season, weather.
- And so what happens is in the extreme winter months, think December through February maybe, a lot of the elective care or the discretionary care volume can be found to come down, especially in the colder states where there is heavy snow, etcetera and mobility gets challenged. And so I would say that those months of December to February tend to have a little bit of an impact on the volume of patients that our customers end up seeing.
- Also, the other factor that drives some cyclical or seasonality is the summer holiday months of, say, July and August maybe, where often the clinicians themselves are on vacation and that drives volumes. And our revenue is obviously directly impacted by our clients' volumes. So I would say that those are typically the two periods of seasonality, if you would.
- And generally, that is evidenced in our business over a period of time. But I think the other interesting thing is that as we've gone and made many of our deals more platform deals, like,

for example, the value-based care features of our platform don't get impacted so much by the volume of patients being seen in any given point of time.

Because the whole idea of value-based care is to deliver only the appropriate amount of care and perhaps some less care when driving total ownership of cost of care for our patients. So some of that has been a hedge. The value-based care revenues have been a bit of a hedge to the seasonality faced in the two summer months and the two to three winter months.

Ruchi Mukhija: Got it. Lastly, you added 570-plus employees this quarter, the highest since your listing. Is this increase can be taken as a strategic investment as you create a capacity for growth?

Sachin Gupta: Actually, Ruchi, the way to think about it is really to look at the employee headcount on a year-on-year basis. And if you look at the employee headcount on a year-on-year basis, for 17% growth in revenue, constant currency year-on-year for Q2 last year to Q2 this year, the headcount growth, I think it was 3%, if any. Actually, it's a little lower.

So headcount on a year-on-year basis is still lower for 17% growth. So that continues to show the non-linearity, Ruchi, of the model. The absolute headcount growth between last quarter and this quarter, yes, there is actually some significant customer ramps that have happened where there is you within the loop required and that is the absolute headcount growth, that actually is welcome headcount growth to be perfectly honest, because that actually signals tremendous organic growth in revenue.

Ruchi Mukhija: Got it. Lastly, could you comment how does our pipeline, especially for the strategic large deals, look like after the closure of a few deals that we have announced over the last three quarters? Has the quantum of those large deals come down or do you see an active pipeline of strategic deals yet in our pipeline?

Sachin Gupta: We're actually seeing very robust interest, Ruchi, like I was saying, under outcome-oriented platform deals, we are seeing a lot of interest based on the stressful environment that the large healthcare providers find themselves in. Actually, I would say that on those large platform deals, the interest is at an all-time high.

Ruchi Mukhija: Got it. Thank you and all the best for the times ahead.

Sachin Gupta: Thank you, Ruchi.

Moderator: Thank you. The next question comes from the line of Chetan Shah from Jeet Capital. Please go ahead.

Chetan Shah: Yes. Hi, good morning. Thanks for your time. Just two quick questions, Sachin. One, you very, very loudly discussed about technology including AI usage in our platform and you had a good team hired for that. So just a brief understanding that if I want to look at this upgradation of technology using the latest thing and all, how does this data analytic and also the dual platform will help both in terms of better penetration into both horizontally and vertically into the customer. And also how will this help improving the margin going forward?

Because my understanding and kindly correct me if I'm wrong is these things will help you to fast-track the penetration of the customer and also the way our business model works where we gain some part of savings as a part of our revenue share. If you can, you alluded in your opening remark, but some very specific examples if you can share. And second part that is related to margin where you mentioned that you kind of surprised with the way margin improvement happened a little ahead of your internal assessment?

Does that mean that we'll be little more aggressive in terms of new M&A opportunity, some kind of platform acquisition or things like that to utilize the cash flow which we will generate over a good of time? I know this is a little bit of forward-looking statement, but whatever you can share will be very helpful. Thank you.

Sachin Gupta:

Great. So, I'll try to answer the questions in the reverse order, if you would. First on the margin. Look, I mean, I've always said and that's the reason we're not giving specific guidance is because I'm sure there are people that are smarter, but I find it very hard to be able to predict exact revenue and margin growth trajectories on a quarterly -- quarter-by-quarter basis.

So, obviously, and we take pride in the fact that we'd like to be the company that over a long period of time, four quarters is still a very short period, but over a long period of time creates a track record of under-promising and over-delivering rather than over-promising.

So I think yes, we were able to drive the margin transformation a bit faster than we ourselves had estimated. It was also a function of we have to transform a lot of the AQuity customers, legacy AQuity customers with our model. That is hard to imagine exactly how long it would take. So, we're happy to be a bit ahead of our plan. Not shocked, but happily surprised.

As it relates to the continued cash flow, look our business has always been a capital light, high cash flow yield business and we do expect that it will continue to do that. And I don't know, I think we put that in the FAQs, but we really think of three or four uses of cash. First of all, if you look at our history, we've always been very disciplined about cash.

We are not doing M&A for the sake of M&A or just driving growth. We will be very selective about M&A and if we don't passionately believe that we can generate superior ROC, ROE on the cash that our business generates, we will then not use that cash and give it back to our shareholders.

But where we see, when you have such a large market, \$260 billion TAM, we're a \$360 million, \$370 million revenue company, such a big runway ahead. I think it only makes sense, especially if we can create constructs where we can drive superior ROIC, ROE. We will use the cash to continue to do some strategic M&A.

One, there will continuously be strategic tuck-in technology companies. Remember now, we have 150,000 provider install base, 600 plus large provider groups. Think about the type of lab that it creates for a young technology company to quickly mature their tech and then proliferate it across the larger healthcare ecosystem.

And so, that tuck-in acquisitions will continue to be one part of the approach. The second approach is leveraging our cash to strategically align with our customers' outcomes, like we've done in a Palomar or in an even more upstream manifest like Western Washington. There are three very distinct advantages of that strategy, right?

First, by doing that, we are demonstrating more and more platform-buying behavior and showing to other customers in the industry how the value of the whole platform is much greater than the sum of the individual parts and so why they should migrate to that platform-buying behavior. That's value number one that we create by using some of our cash to align with our customers' outcomes.

The second, we tie those customers into long-term deals, right? I mean, these tend to be 10 to 15 to, in some cases, 30-year deals. And with pricing locked in for the duration of the deal, which creates a tremendous opportunity for us in terms of our core set of economics over that 10, 15, 20-year period with the superior economics that we have. So long-term deals.

Third, in those constructs, we often co-develop the right manifest of our platform with our customer for a certain specialty, be it again dermatology, cardiology, digestive health. And then last but not the least, where we continue to stay disciplined is that that investment in the alignment of outcomes has to create its own pool of economics that is superior ROE and comparable ROE to the ROE of our traditional business.

So the second use of cash would be where we'll use the cash to continue to both lock in our platform and the pricing for long-term and create a second pool of economics as we share in the outcome that we create with our customers. So that's the second use of cash.

And then the third use of cash really will be where if we run into other strategic opportunities where it makes a very, very compelling thesis from a scale perspective, given the large TAM in the market. The AQuity acquisition has taught us a lot. We've learned some very, very interesting things. Obviously, financially, you all have seen it's been relatively successful.

So it's also given us some confidence, but we've learned a lot. So obviously, as we evaluate any other large opportunities, we will be thoughtful about those. But I would say the short of it is that we will continue to be disciplined.

If we don't passionately believe in our ability to generate superior ROE, ROIC, then our shareholders' cash will go back to them. If we believe we have those opportunities, which we often do, then we would use the cash as such. So that's your answer to your question on the use of cash.

On the benefits of the AI piece, I don't know that I understood all the aspects of your question clearly, but I will tell you that...

Chetan Shah:

So, Sachin, I'll just brief it in one line. What I'm trying to understand is this new technology implementation and a platform expansion, how will this help on two count? One, cost-saving at company level, and second, improving the benefit to the customer, and in turn, we get our

extra share of revenue. It's a very, very simple question I'm trying to understand. Using the newer technology, including AI.

Sachin Gupta:

Yes, yes, yes. So, actually, great. Thank you. Thank you for clarifying. So, simply put, what happens is when we actually implement our entire platform, we achieve two synergies for the customer. One, all of these features or tasks are actually one interconnected fabric of workflow.

So what happens is, let's say, the patient sees the doctor, there is a clinical document that needs to be produced from a regulation perspective that captures all of what happened during that encounter between the physician and the patient. That clinical document then becomes the basis for how the doctor will be paid for what they did in that encounter with the patient.

So, now imagine a scenario that the customer just buys that one feature. In that scenario, they will get the benefit from that feature, doctor's time is saved, they are able to see more patients, they have a better lifestyle, their revenue goes up, their administrative burdens come down.

Now imagine the same group actually bought not just clinical documentation, but they bought our encounter to reimbursement agent platform where not only are we doing the clinical documentation to our ambient AI solution, but now we are also taking that clinical documentation and from that doing the medical coding that is necessary that converts what happened in the encounter to medical codes.

Now, if the documentation is more comprehensive and complete, you will be able to do more accurate coding from that documentation. So you get some value from the documentation, but because it's complete and done by us, that has a compounding effect on the coding. If you're also doing the coding and now, we are driving that coding to the next stages of billing and collections, that has further impact on reducing denials in the revenue cycle.

So our estimate is that if the full manifest of our platform and customers buy it one by one, each of the tasks one by one, if the value is say 700 basis points in EBITDA expansion for them. If they buy the full platform at once and we implement it as one platform where the features compound in value, that 700 basis points can go up to as much as 900 basis points because of the compounding effect. And so that is the value that is created for the customer is that 700 goes to 900.

And then depending on the Net Economic Value Add sharing arrangement that we have, obviously we get a greater share of that. So we are getting two economics. One is we get the percentage of revenue fee for implementing our platform on an ongoing basis.

And the second thing that we get is a greater share of the NEVA because we have created more NEVA through the platform, Net Economic Value Add, than they would have got if they bought feature by feature. So it has a compounding effect on the value for the customer and a compounding effect on our bottom line.

Chetan Shah:

Perfect, perfect. Got it, got it. Thanks, Sachin and wish you guys all the best, you and your team. Thank you so much.

- Sachin Gupta:** Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Omkar Sawant from Marcellus Investment Managers. Please go ahead.
- Omkar Sawant:** Yes, so a couple of weeks back, Optum, which is owned by UnitedHealthcare, they launched some products in coding, RCM, basically the areas where IKS has their product. If I have to take an example, so Optum Real, if you see, it's a real-time platform for RCM integration. Optum Integrity, they are reporting a productivity increase of 73% in coding.
- So I had two parts to this question. First, from a tech perspective, since Optum or United is so large, they have a wider database. How do our products stack up against their products? And secondly, over, say, the next 3 years, how do the competitive dynamics change if Optum ramps up their investments in this area? I mean, what prevents our customers, any barriers for these customers to adapt?
- Sachin Gupta:** Great question. Thank you so much. And I appreciate you studying the competitive environment carefully. So yes, look, I think it's very important. Optum is a \$300 billion company. So, you know, it has three divisions. One is the Optum Rx division, which is their drug distribution business, if you would.
- The second is what they call Optum Insight. And Optum Insight has a division called Optum 360, which is an RCM business. And the primary RCM business that Optum 360 does is for hospital RCM. So, their primary business is hospital RCM. If you see our business model, we are predominantly focused on physician businesses, right?
- So we were very intentional in choosing the physician market, which is the outpatient clinics that we operate in. And so that's one important distinction. The products that you highlight are predominantly geared towards the hospital market, which is their core market.
- Now, Optum has another business called Optum Health, which is I think \$110 billion business that is the largest employer of physician groups in the country. And they operate these standalone physician clinics across the country. Optum Health actually is one of our major clients, right? And so they leverage revenue cycle services for the physician market.
- And Optum 360 doesn't really specialize in those services. And so they tend to lean on us for help in that area as it relates to enabling their physician business, which is a totally separate business called Optum Health, which is separate from Optum Insight, of which Optum 360 is a part where they do hospital RCM.
- So, I think it's really important to understand the landscape a little bit more in detail. Having said that, who is to suggest that a large \$300 billion company like Optum cannot go and build a physician care enablement platform for their \$100 billion physician business called Optum Health? They certainly can.
- They are welcome to. But the reality is, in the end, all of these businesses have to choose what is core to their business model and what is not. And as you might have seen, UnitedHealthcare

has been on the tremendous pressure from a margin perspective. Optum obviously is a subsidiary. They have been under a lot of pressure because of some of the reimbursement changes that have happened in value-based care.

So it's anybody's guess whether something that they haven't necessarily built over the last 25 years, they will now, in a time where they really have to focus on improving their core, will they go out and build another business to support their Optum Health organization?

I'm certainly not in a position to suggest that they will or won't. But from what I see in the discipline that I've seen in UnitedHealthcare leadership about understanding their core versus chores, I feel optimistic about our prospects. As it relates to your long-term comment of the competitive environment, the environment continues to be tremendously competitive.

And I think we should absolutely acknowledge that. And when you have such a large TAM of \$260 billion, of which only \$34 billion has been outsourced, and that \$34 billion is growing at 12%, and this large TAM is going to get unlocked, you have to expect, and with the amount of capital that is waiting on the sidelines, you have to expect significant competition emerging. And our competitive strategy, our competitive win strategy, is actually geared towards that, right.

So that's why we created the full platform, because we believe that these point-solution vendors that build one or two or three tasks will find it very hard to survive over a period of time. And that's why we're doing deals which manifest the full platform in a long-term construct with pricing locked with our customers. So, long way to say, we should absolutely expect a competitive environment.

And the key here is, as a leader in this space, that for some people seems very niche, but it's very large. It's almost as large as the entire Indian IT services industry. Will IKS be able to continue to retain its right to win based on our competitive strategy? So, hopefully I've given you some more perspective into those areas.

Omkar Sawant:

Yes, that's helpful. And my second question is, on this number of revenue from repeat customers. So, this quarter we have reported 85%, last quarter it was 95, and the quarter prior to that was 90%. Why is this number so volatile? Any color on that?

Nithya Balasubramanian:

So, that depends on number of new customers that we end up signing and ramping up in that specific quarter. So, when you see that number drop, it's because some of the new customers have been added to that base. So, I think the right number to look at would be the vintage of the top customers that we have reported. You will see that that remains in a very healthy number.

And I can also share that in general, some of our contract lengths have actually only increased over the last several quarters. Especially the deals where we are able to sell our entire platform, they tend to be even more long-term contracts than earlier.

Omkar Sawant:

Okay. Thank you.

Moderator: Thank you. The next question comes from the line of Seema Nayak from ICICI Bank. Please go ahead.

Seema Nayak: Thanks for taking my question. My question is on cash flow. The OCF and FCF for Q1 FY '26 have been revised upwards. So, can you give some clarity on that? And the second question is on the number of clinically trained headcounts, which has been on a steady decline. So, is that something which is not of strategic importance anymore? Yes. Thank you.

Nithya Balasubramanian: So, this time for Q2, we are presenting to you audited cash flow statements. There was a small misrepresentation that had to be corrected. That's the reason the number is higher. And this, as you can see, has been audited by our statutory auditors. And the second question was...

Sachin Gupta: The second question is on the clinically trained workforce. So, no, they continue to be tremendously important. But Seema, as you appreciated, we've been transforming the AQuity delivery model, which was predominantly humans in the US to now tech-led and some humans.

And so, what's really happening is with the leverage of AI, we are being able to focus our clinically trained staff on higher order of magnitude, more discretionary tasks, right? Where they are leveraging their clinical training more effectively and doing less mundane tasks. So, as that happens, we have the opportunity to continue to select the best and brightest of those and the mundane tasks that they were also often frustrated by are getting eliminated through the use of technology.

And so, it's totally intentional. The ones that we do have actually are really, really important because that's the discretionary work that needs human intervention that AI is not going to be able to eliminate. So, I think what you're seeing is a healthy trend and it will allow us to retain the best and the brightest to do the most highest order of magnitude discretionary work over a period of time.

So, we anticipate our people over a period of time to go from what I call, they were doers of tasks. Now, they're starting to become auditors of tasks because you want that human in the loop to test the AI, to give feedback to the AI, to keep it safe. And then as the AI becomes more and more autonomous, those people will become people that give insight from the task. So, doers of tasks to auditors of tasks to providers of insights from the task.

Moderator: The next question comes from the line of Anil Nahata, an Individual Investor.

Anil Nahata: Hi, Sachin, Nithya and team. I am new to this company. So, I'll start with a comment and then maybe a couple of questions. I will also need -- I have so many questions. We need a separate session which I will request you. So, the comment is basically congratulations on creating a great business and also so being able to really explain the principles on which you are driving a business. It is a very, very healthy way of doing things and really, really appreciate that.

With this, the first question that I would like to ask is when you describe your TAM is \$260 billion, which is the overall spend on the administrative and the other tasks that the industry does, but you also have three or four go-to-market kind of a segmentation that is the large

customers groups - Single Speciality, multi-speciality, large and medium-sized health systems . So, if you were to break up this TAM into your market segment, give us a flavor of that, please.

Sachin Gupta:

Great. First of all, thank you for your kind remarks, Anilji. It's always appreciated and thank you for following some of our commentary. Sometimes we are wondering if people are able to follow what we're saying or if anybody cares. So, it's very heartening to hear your comments. But as it relates to the market segments, we've been a little bit intentional in not necessarily giving any breakouts for market segment, but as it relates to the TAM.

I think a relatively easy way to think about it is that, approximately maybe about 50% of the TAM is the large health system on physician groups and the balance 50% is the -- you could sort of split them between the single specialty groups and the multi-specialty groups. This is just order of magnitude math. The exact numbers might be a few hundred basis points here or there, but that's really one way to think about it. Nithya, would you like to add something?

Nithya Balasubramanian: It's just a little bit more color on at least the large parts of the TAM. So, revenue cycle management is approximately \$120 billion, almost half of this number, \$120 billion worth, and the rest is actually all our clinical documentation features, as well as VBC..

Sachin Gupta:

So, Nithya gave you a breakup based on the features of our platform, and so the revenue cycle features are half and the clinical and value-based features are half, and I gave you the breakup more based on the market segments, which is large health systems versus single specialty and multi-specialty groups. I hope that's useful.

Anil Nahata:

Yes. Absolutely. That's absolutely useful and I needed an order of magnitude only just to be able to understand better. So, that is one good thing. Second thing, Sachin, again, is something that I wonder. When you say that only \$35 billion of this \$260 billion has been outsourced and that the US health system is going through a lot of stress.

So when we look at a growth rate of 12%, which is the current growth rate or the historical growth rate in the outsourcing market, I would expect this growth rate to accelerate forward quite significantly. I mean, as we have seen in the IT space also, once the customer starts seeing the benefit of what is accruing to them, the growth rate takes off like crazy. So, would you try to give some of your thought process on that?

Sachin Gupta:

That is certainly a forward-looking statement. All I can say is I believe that given the state of the US healthcare system, there is no doubt in my mind that a large unlocking of this time is inevitable. I have been a big believer in that over the last 18 years. I continue to believe, and which is why I keep saying this is a multi-decade thesis that is going to be unveiled.

I cannot predict whether this \$34 billion will be \$150 billion or \$100 billion in 10 years, 12 years, 15 years now. But it will be some number like that. And if that is going to be the case, there has to be two or three or four very large companies that get created as a result of that. And our dream and our aspiration is to be one of those companies.

And so, I think, you're spot on in your analysis. The challenge becomes predicting the timing and the pace of that unlocking. And that's exactly the other reason why we try to stay away from giving specific guidance.

Anil Nahata: If I may put in one more question and then I will request a separate session to have more questions on this. The third question that I would like to ask...

Moderator: I am so sorry to interrupt in between, Mr. Anil. I would request you to kindly rejoin the queue for the follow-up question. The next question comes from the line of Sarang Sanil from Courser Park Advisors.

Sarang Sanil: Hello. I hope I'm audible. Congratulations on great execution.

Nithya Balasubramanian: Yes.

Sarang Sanil: Firstly, if I look at our top five customer revenue growth, it is spectacular. But when I come down the path to revenue growth from top six to 10 customers and beyond top 10 customers, we see that the growth is in low single digits. I understand on the tail end there would be choppiness coming from our strategy on AQuity customers. But are we seeing demand pressure with clients beyond top five? If so, is it because of lower spending or is it coming from competition?

Nithya Balasubramanian: Neither, Sarang. I think it is what I alluded to earlier. I think since we acquired AQuity, where we started off with 800 plus customers, we've already brought that number down to 640. And I think in several forums, we've also said that the top 500 customers of AQuity is who we would want to establish a long-term relationship with.

So as we cut the tail end, you're of course seeing the revenue being cut from those customers as well. And that is the reason why the revenue growth for those customers obviously gets weighted by the loss of those customers. There is no demand challenge...

Sarang Sanil: Okay.

Nithya Balasubramanian: Nothing that we are seeing from our customer base.

Sarang Sanil: Sure. Okay. And secondly, as we have guided for turning net debt free by FY '27, do you think we might accelerate on the loan repayment from here, given our superior cash generation ability and could that increase our finance costs on absolute terms over the next few quarters?

Nithya Balasubramanian: So the intent is to use our cash generation. I think Sachin talked about the various uses of cash. Again, business as usual, if you're not doing tuck-in-tech acquisitions or even more strategic investments that Sachin was alluding to, yes, I think, we will continue to use that cash to pay down the debt. As of now, based on the current visibility, we hope to be, I'll retain my comment earlier that we hope to be net debt free by FY '27.

Moderator: The next question comes from the line of Sagar Dhawan from Valuequest. Mr. Sagar, please proceed with your question. Mr. Sagar, please proceed with your question. Due to no response,

we will go ahead and take the next participant. The next question comes from the line of Sandeep Kothari from Eastlane Capital.

Sandeep Kothari:

Yes. Hi, Sachin, Nithya. Just a question. The top five are growing very well and you have large number of customers, 500 focus from AQuity and own IKS customers. So let's say to reach a \$1 billion, do you need to focus on 100, 150 and how many customers can really get to \$50 million or \$100 million? Just some color on how to think about that would be very helpful.

Sachin Gupta:

Yes. Great question. So look, the way we think about it is, we have actually zoned in on about 50 customers that each have a potential of \$50 million each ACV in the next, say, five years. And really that's where we are putting a lot of the focus on our, what I call the same source sales growth engine, the farming engine.

And so the reality is amongst the hundreds of customers that we have, 500 plus customers, we've really zoned in on 50 enterprise-scale customers that really have that, both the potential wallet, but also where the relationships have the type of orientation that could lend itself to such a strategic expansion.

And so I think you almost nailed our strategy by asking that question, is are you focused on a cohort of customers from where a large part of that journey to \$1 billion could come from? And I think it's those 50, and as you can imagine, even if we converted, say, between 10 to 15 of those 50 over the next five years, that is somewhere between \$0.5 billion to \$750 million of additional growth.

So now again, would those 50 change over a period of time? Yes, of course they would change because some will fall off, some new ones will get added based on customer dynamics. But that's really the way to think about it. Easily, I would say, easily, there is 50 plus customers that have the potential to be \$50 million plus over the next five years.

Sandeep Kothari:

And the platform approach with these 50 is what is the differentiator? And of course, better execution and everything because the competition would also be focusing on these 50, 100 customers, which are really large, right?

Sachin Gupta:

So, yes, I mean, look, I think, it depends on the segment where as it relates to the single specialty and the multi-specialty groups that are not attached to health systems, there we are taking them if they might be in a one or two feature place right now, we're going forward and really engaging with them on the full platform approach.

On the large health systems, even as we keep the platform backdrop, there the expansion tends to be a little bit more incremental in nature, because they're still much more comfortable with point solution land and expand. So depending on the market segment, the approach is more focused on platform driven conversations or incremental expansion of features.

I mean, keep in mind also some of these larger system on groups are so large that the full wallet of one feature itself can be easily \$50 million or two or three features combined could be \$50 million. So again, that segment, there we have a sales team that works very deeply in

partnership with our product team for more feature level expansion. On the other two segments, we try to drive much more platform driven expansion if that makes sense.

Sandeep Kothari:

And one concern I think throughout the call has been like the volatility in customers or the growth -- lack of growth in the customers below the top five. When do we see stability there? It's just the AQuity thing or there are certain deals or I know it's difficult to forecast, but if you're focusing on 50 broad basing, when do we start seeing more stability and growth from more than top five?

Sachin Gupta:

I think we don't see, for us we're not necessarily seeing a problem there. And it's very hard for me to say exactly what the stability will look like, because the composition of the top 10 itself has also changed over the last four quarters as a result of some large new customers that came in with a full platform deal.

So I'm not necessarily too worried about customer stability even in the top 15 or 20 customers. So I don't think -- we'll have to look at the numbers. On a day-to-day operating basis, we're not necessarily seeing instability. And if it's really AQuity customer base, I think, we will still see some chop. We're not done on that. We pruned about 40 customers last quarter. I think we still have at least a couple of hundred to go.

So there we'll continue to have a little bit more churn, but that shouldn't necessarily affect choppiness and too much of choppiness on the top 10 or 15. So, again, the churn there is really based on a new customer enters with a large deal that displaces what was originally a top 10 customer. So I don't know. Maybe you're seeing that.

Sandeep Kothari:

Understood. Understood. One small thing on Slide 5, you have mentioned Google Cloud and then integration with Epic Electronic Health Record software. What's the significance of this Epic Electronic Health software integration? Is it something big or it's a small thing or just some context that would be useful?

Sachin Gupta:

Yes. No. Great question. I think it's huge actually, because I think as you know, Epic is the underlying core platform in maybe 75%, 80% of the large health systems in the country. And integrating our platform with Epic is a very, very critical component of our strategy. So thank you for highlighting that.

And we've been working very hard on that strategy and we're very delighted that we've finally been able to break through. And two of our features are already on the Epic showroom. We're driving deeper integration there and our ambition is to get all of our features integrated into the Epic platform. So that is a very, very important vector and it enhances our right to win in that very large Epic customer base.

Moderator:

The next question comes from the line of Anjana from Hedge Equities.

Anjana:

Yes. Sir, congratulations on a successful quarter. I have two questions. Sir, firstly, you were focusing on client-based rationalization. That is from 650 clients in Q1 to now 640 clients and you have an estimated target of 500 clients. So by when can we expect this transition and what is the impact we can expect from that?

- Sachin Gupta:** I think those are very difficult to give you any exact estimates on that and estimating the impact from that, ma'am, would be unfortunately guidance or forward-looking. I will continue to maintain, we believe that we have a long-term opportunity in spite of this pruning of customers, which I think will continue for another at least couple of quarters, to in spite of that continue to grow faster than the expansion of the TAM and so I think we're steadfast on that.
- Anjana:** Okay. And one more question. So around 95% of your revenue comes from US and remaining from Australia, Canada. So are we having any plans to expand geographically in the coming years?
- Sachin Gupta:** No, ma'am, not at all. I think there's such a large market in the US and we are still, by all means, babies in that market. So I think we're really going to stay focused in that market segment. And if something opportunistic comes at us, we'll evaluate it. But our strategic focus going out will absolutely be down in the US market.
- Anjana:** Yes.
- Moderator:** As there are no further questions from the participants, I would now like to hand over the conference to Mr. Saransh Mundra for closing comments. Over to you, sir.
- Saransh Mundra:** Hi. Thank you, everyone. Thank you, everyone, for joining the call and if you have any further questions, please feel free to reach out to us. Thank you.
- Sachin Gupta:** Thank you, everyone.
- Nithya Balasubramanian:** Thank you.
- Moderator:** On behalf of IKS Limited, that concludes this conference. Thank you for joining us today and you may now disconnect your lines.

Please note that this transcript has been edited for readability.