Date: 15th December 2025

To

National Stock Exchange of India Limited ("NSE")

Address: Exchange Plaza, Plot No. C/1, G- Block,

Bandra –Kurla Complex, Bandra (East),

Mumbai-400051

NSE Symbol: CANARYS

ISIN: INE0QG301017

Subject:	**Transcript of Earnings Conference Call for Analysts and Investors held on 10th December 2025.**
Reference:	**Regulation 30 read with Part A of Schedule III to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")**

Dear Sir/Madam,

Pursuant to the provisions of Regulation 30 read with Part A of Schedule III of the SEBI Listing Regulations, we hereby submit copy of transcript of the Earning Conference Call for Analyst and Investor held on **Wednesday, 10th December 2025 at 4:00 PM** (Indian Standard Time) to discuss the Company's financial performance for the half year ended 30th September 2025 (H1 FY2026) is enclosed.

The above information is also available on the website of the Company at www.ecanarys.com

We request you to take the same on your record.

Thanking you.

For **CANARYS AUTOMATIONS LIMITED**

Ambikeshwari M A

Company Secretary & Compliance officer

Membership No. A67639

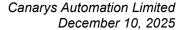# "Canarys Automation Limited H1 FY '26 Earnings Conference Call"

December 10, 2025

MANAGEMENT: **MR. RAMAN SUBBARAO – CHAIRMAN AND MANAGING DIRECTOR, CANARYS AUTOMATION LIMITED**
MR. SHESHADRI SRINIVAS – CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR, CANARYS AUTOMATION LIMITED

Moderator:	Ladies and gentlemen, good day and welcome to the H1 FY '26 Conference Call hosted by Canarys Automations Limited.
	As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*', then '0' on your touch-tone phone. Please note that this conference is being recorded.
	I now hand the conference over to Mr. Dhanya Dhruv from Stellar Investor Relations. Thank you and over to you, sir.
Dhanya Dhruv:	Thank you. Good evening, everyone. I am Dhanya Dhruv and we at Stellar Investor Relations, Manage Investor Relations for Canarys Automations. I would like to welcome you all to the Canarys Automations Limited H1FY '26 Earnings Conference Call.
	Today, we will be sharing the key Operating and Financial Highlights for the First Half Ended September 30, 2025.
	We are pleased to have with us today the Management of Canarys Automations Limited, Mr. Raman Subbarao - who is Chairman and Managing Director of the company and Mr. Sheshadri Srinivas - CEO and Executive Director.
	Before we begin, I would like to mention that some of the statements made during this call may be forward-looking in nature. These are based on the company's current beliefs, assumptions, and expectations. They are not guarantees of future performance and involve certain risks and uncertainties. The company does not undertake any obligation to update these forward-looking statements to reflect any future events or developments. The financial results and investor presentation have already been uploaded to the stock exchanges and also available on the company's website.
	With that, I now invite Mr. Sheshadri Srinivas to share his opening remarks on the company's performance for H1 FY '26. Thank you and over to you, sir.
Sheshadri Srinivas:	Thanks, Dhanya. Good evening, everyone. Thank you for joining us today on the Earnings Call for Canarys Automation Limited. It is always a privilege to connect with you, our investors, analysts, and stakeholders and share the progress what we have made together.

As we look back on the first half of FY '26, I am proud of how far we have come together. Completing our first acquisition and launching our first product are more than just milestones, they reflect the passion, teamwork, and the vision that continue to drive Canarys forward on its journey of growth and transformation.

This evening, I look forward to sharing the highlights of our performance in the first half of FY '26 along with the important updates on our business strategy and steady progress we are making on our journey of transformation and growth.

Over the past 30 plus years, Canarys has grown from a small IT services company into a trusted global digital transformation partner. We now serve more than 1,000 customers across 10 countries offering innovative, reliable, and future-ready solutions. Our success is built on three core pillars, our proprietary software tools, strong alliances with global technology leaders, and a talented team with expertise in AI, ML, data automation, and the cloud. At Canarys, our technology solutions vertical is where transformation begins. It brings together the best of software, AI, data, cloud, and automation to help businesses work smarter, adopt faster, and stay steady for what is next.

Our work spans several years in digitalization and DevOps. We help companies modernize systems, automate testing, and deliver updates faster. In cloud services, we assist clients in moving to and managing platforms like Azure, GCP, and AWS while optimizing performance and cost. We continue to invest in products and solutions that enhance automation, intelligence, and the way businesses operate. We are also deeply focused on talent and innovation. One of our key goals for FY '26 is to train 25% of our team in AI, ML, and data skills to strengthen our leadership in emerging technologies. Our legacy modernization services help customers upgrade decades-old code using our proprietary tools, while our data intelligence practice enables organizations to make smarter decisions with dashboards, analytics, and predictive systems. Finally, our strategic transformation services help both startups and large enterprises use technology to drive meaningful change across their business. One of the most distinctive parts of our technology solution is also water resource management. We have implemented U-FEWS, Urban Flood Early Warning System solution, canal automation, flood control, and smart water supply projects across 15 different states in India using IoT and SCADA systems to help governments manage water in real-time. These projects have strengthened our expertise, but given longer payment cycles, we now take a more focused approach choosing opportunities that offer speed, scale, and better commercial outcomes. What drives this success is not just

our execution capability, but also our continued investment in developing our own software tools that make these solutions smarter and more effective.

Over the years, we have built 25 plus proprietary domain agnostic solutions that solve real challenges in DevOps, cloud migration, automation, and modernization. These solutions are now listed on global marketplaces like Microsoft, Azure, GitHub, SAP Cloud, and our own Canarys Marketplace. These solutions reflect our growing innovation and credibility. Our journey has been strengthened by 10 plus strategic partnerships, including 7 OEMs and 3 AI alliances. Among them, our collaboration with Microsoft and GitHub stands out where we hold advanced specialization and multiple solution partner designation across data, AI, digital innovation, and Azure infrastructure. By combining these partnerships with our own tools and expertise, our technology solution vertical has evolved into a powerful growth engine, one that helps clients scale faster, work smarter, and stay ahead in a rapid-changing digital world.

H1 FY '26 marks a defining milestone in Canarys' global growth journey with the strategic acquisition of Fortira, a U.S.-based AI, data, digital engineering, and IT consulting firm. Completed this acquisition in April 2025 for a 51% stake, underscored our transition from a local solutions company to a global, active, innovation-driven technology enterprise. Fortira brings over 100 skilled professionals, a strong portfolio spanning banking, financial services, retail, pharmaceutical, and manufacturing, and have a long-term relationship with more than 25 large enterprise clients across banking, healthcare, telecom, and pharmaceutical sectors. With H1 FY '26 revenues exceeding USD $6.6 million and profit before tax of US about half a million dollar, this acquisition strengthens Canarys presence in North America, enhances our capability in artificial intelligence, cybersecurity, cloud, DevOps, and analytics, and opens cross-selling opportunities across our client base.
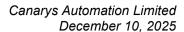
Advancing our innovation agenda, we launched AURYISon August 20, 2025, our first artificial intelligence-powered software product for the pharmaceutical and life science sector, introduced simultaneously in India and North America. AURYIS is an intelligent compliance assessment platform that evaluates diverse digital content against global regulations, internal policies, and custom business rules. Using a blend of proprietary AI agents, advanced machine learning, and large-language models, it automates non-compliance detection, enables expert review, and continuously learns from new regulatory updates. Designed to reduce cost, mitigate risk, and ensure audit readiness, AURYIS empowers organizations to achieve proactive compliance and operational excellence across markets. I am also delighted to share that Canarys was recognized on the global stage at the GitHub Universe event in San Francisco, US,

where we received GitHub's Overall Growth Services and Channel Partner of the Year 2025 award. This global recognition from GitHub, a Microsoft subsidiary, underscores our strong growth, strategic impact, and leadership in the DevOps and digital transformation ecosystem.

H1 FY '26 represents a moment of acceleration for Canarys, where vision, execution, and performance came together to shape our next phase of growth. Let us start with what we achieved on the business side. We achieved a strong business momentum in H1 FY '26 with a successful delivery of 164 projects across diverse industries such as IT, BFSI, healthcare, logistics, etc., underscoring the growth demand for digital transformation. We welcomed 52 new customers to the Canarys family, expanding our reach across new sectors and geographies. Our order book now stands at a healthy INR 208 crores, out of which INR 151 crores from technology solutions vertical, a significant rise from INR 105 crores in FY '25, and INR 57 crores from water resource management. This growth comes from the steady investments we have made in our people, platforms, and partnerships, and it truly reflects the strength of our business model as we continue to grow.

Looking at the financial performance, now coming to our financial performance, total income for H1 FY '26 stood at INR 102 crores, reflecting a 166% year-on-year growth, led by a strong momentum in technology solutions, which grew almost 200% year-on-year. Our EBITDA stood at INR 13 crores with a 13% margin. There is a slight dip in margin, which was expected as we made strategic investments in team expansion, product development, and global scaling. Our profit after tax stood at INR 9 crores, reflecting a margin of 9% and demonstrating our ability to sustain healthy profitability while continuing to invest in future growth. On the balance sheet side, we remain disciplined. Our debt-to-equity ratio remains very low at 0.1x, underlying our conservative and healthy capital structure. H1 FY '26 has been a defining period for Canarys as we strengthened our global presence, deepened customer relationships, and expanded our technology capabilities. The integration of Fortira in the United States has added scale, talent, and new opportunities across key sectors, while our continued investments in product innovation and digital solutions have reinforced our position as a trusted technology partner. Guided by our vision values of integrity, innovation, sustainability, and inclusivity, we continue to focus on Vision 2028, expanding our reach across North America, Europe, and Asia-Pacific regions, advancing our expertise in artificial intelligence, cloud, and automation, and driving growth through continuous learning and product development. With a strong order book, a growing customer base,

and dedicated teams, Canarys is well-placed to sustain its momentum and deliver long-term value.

With that, I would like to thank all the investors and the trust that you have really given to Canarys. I request everyone to give the continued support. With that, I conclude my remarks. Over to you, Dhanya. Maybe, we can open the door for any questions.

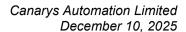|	
Moderator:	Yes, sir. Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Rahil Dasani with MAPL. Please go ahead.
Rahil Dasani:	Good afternoon and thank you for this opportunity. First of all, congratulations on the good set of numbers. My first question is, I wanted to understand how much of our revenue is recurring and annual in our base business and also the same question for Fortira?
Sheshadri Srinivas:	Canarys India, we have a repeat business of about 35% comes from the repeat orders and the long-term contracts what we have. And with Fortira, we have 75%-80% is the repeat order because we have long-term contracts in Fortira.
Rahil Dasani:	And now, sir, continuing with Fortira, a few more questions, margins in Fortira seem to have improved compared to last year. Based on our investor presentation, EBITDA margins in FY '24 were less than 9%. And secondly, going ahead, what sort of margins can be possible in Fortira? Can Fortira also touch Indian business margins that we achieve close to 20% like we have said in the next 1-2 years?
Sheshadri Srinivas:	The objective is to invest and grow Fortira as well. We are also taking our solutions into Fortira's customer, and we are also trying to build these similar margins there. Yes, it takes some time because we need to integrate and take our solutions and get new business delivered and also consolidate. But the objective is definitely to improve the margins of both Fortira and Canarys. And I think that is quite possible.
Rahil Dasani:	Got it. So is it fair to assume that 18%-20% is achievable in Fortira in the near term in the next 1-2 years maybe?
Sheshadri Srinivas:	Should be achievable.
Rahil Dasani:	Got it. And like we established that 75%-80% of the Fortira business is recurring and they already have an order book of close to 15 million as of March 25?
Sheshadri Srinivas:	Correct.

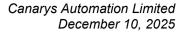|	
Rahil Dasani:	So what sort of growth can Fortira see now with new management and focus? Can we see INR 180-INR 200 crores from this business since we already have an established order book with an established recurring business? What sort of growth can we see in this part of the business?
Sheshadri Srinivas:	The consolidated you are talking or just the Fortira?
Rahil Dasani:	Just Fortira.
Sheshadri Srinivas:	Fortira has been just 6-7 months since we acquired, and we are trying to take our solutions to the existing customers. So, the objective is in the last presentation also we mentioned it is a land and expand. So, we landed with the acquisition. So, we have reached out to the customers, the existing customers and we are trying to socialize the solutions what we provide here. Since we have long-term contracts with them and with the kind of solutions what we are trying to pitch to the existing customers. So, because they are all enterprise customers, so they also take a little time to digest these new solutions and release the new work order. We see there is some good interest and the queries coming from the existing customers on the Canarys Solutions especially now. So, we start this conversation from again next year because December, most of the US, they don't really operate. So next year, they promise to continue the conversation. We see that we can expand first is the existing accounts business and then we approach the new customers with the overall Fortira plus Canarys Solutions together. So that is the approach that we are taking. So, it takes some time to grow that but I see it is a gradual increment in the next 24 months.
Rahil Dasani:	Got it. So just to summarize this a bit what I was trying to understand is a standalone Fortira growth and what you shared is right now the focus is to cross-sell Canarys product to Fortira customers rather than expanding the Fortira customer base and scaling that standalone business more? Right now, the focus is to cross-sell the Canarys products?
Sheshadri Srinivas:	Yes, there is an addition. I think first you are right. We need to cross-sell the solutions to the existing customers and the new customers we go with the Canarys plus Fortira solutions. So we have the expanded solution catalog that we are taking to the new customer base. So that is the acquiring new customer base, but with the existing, you are right, cross-sell the Canarys solution.
Rahil Dasani:	Perfect, got it and sir, just to understand our product business better, we have recently launched AURYIS. So I know it is too early to judge it but in terms of scale and

customers how is it scaling up and what sort of feedback are we getting on this product from our customers?

Sheshadri Srinivas: The product feedback has been fantastic. We are working with a couple of pilot customers, still not commercialized because we want to test the waters. So, we are working with the pilot customers to start with, but the feedback has been fantastic. They also appreciate because it is the AI based and we are also introducing our own proprietary language model now. The work is still in progress. So once that is available, I think that adds as a proprietary tool or the model. So that will drive even more in terms of flexibility and scalability, but yes, the feedback has been pretty good so far.

Rahil Dasani: Got it and what would be the commercialization timeline for this product?

Sheshadri Srinivas: It will take another at least 6-8 months to start the first commercial engagement.

Rahil Dasani: You said 6-8 months?

Sheshadri Srinivas: Correct.

Rahil Dasani: Got it. And sir, in this year's annual report, we have mentioned about the short.

Moderator: Rahil, could you please.

Rahil Dasani: Thank you.

Moderator: Thank you. The next question comes from the line of Akshay Thakur with Pico Capital. Please go ahead.
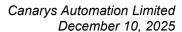
Akshay Thakur: Thanks for the opportunity. Sir, I have 2 questions primarily and 1 question is on industry, so I will go with the first one. So, it was said that in year 2015-2017 that cloud-based services would act like a disruptor and what we saw is basically all the IT service companies were the solution providers in that. So, do you see the same trend happening with AI and if yes, how are you strategizing to provide the products as in what proportion of the new clients you are getting are asking for the similar services?

Sheshadri Srinivas: Good question. AI, it is a disruption happening in the market and any new customer the first thing they ask is do you have AI practice and if yes, what kind of practice, right? So even if you have gone through my presentation, 25% of the Canarians have really upgraded the capabilities into AI, ML and data. So how cloud interrupted the entire business and the infrastructure side, right, so, the scaling part, AI is interrupting

the automation and early to market. So, the customer preferred to be on AI because you can deliver much faster, pre-tested and quality is much better and the cost wise is also optimized. So, it is inevitable. At least for now, it is difficult to sustain without the AI capabilities. So, we are investing constantly on the AI skills, upgrading our staff, upgrading our solution. So more than 25% of the Canarians have already upgraded. We had a lot of training programs for certification. So, most of the projects are AI driven today, whatever we deliver.

Akshay Thakur: Thank you for that. Sir, one more question. So, what proportion of your revenues would be proprietary products and are they like a paper use basis or annuity model you follow for those products?

Sheshadri Srinivas: The proprietary solutions I would call rather than product, right? Product we are, just only released, AURYIS is the first product that we have released, yet to commercialize as I mentioned it takes some time. Solutions are not paperized. It is all frameworks that we use. We use these solutions as frameworks to deliver. So, when I say framework, it is faster delivery cycles and it is a pre-tester, right? So that is a framework that we use. So, most of them are the frameworks and of course, it will also sign up on the annuity business because moment you deliver the solution, they would also sign up on the support and the extensions and the enhancements. So, you would end up signing the annuity business.
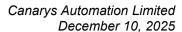
Akshay Thakur: Thank you, sir. Sir, one last question. Sir, your presentation says that 7% of the workforce is working in the water resource management services. I was just wondering what type of qualification would be required for this type of services and as a company, how are you building up the technical know-how or the knowledge required for this and how strong a moat that can be when it comes to this type of services?

Sheshadri Srinivas: See, WRM is also a software solution that we provide. It integrates with the hardware. So, a person has to understand the hardware or the IoT devices to an extent where integration is possible and we have SMEs, the subject matter experts are different. So, they come from the industry and they understand the water business, the problems what government is facing or on the site level. But from the technology perspective, yes, it again falls under the 4 engines and the framework that we built and they qualify as per a regular talent acquisition.

Akshay Thakur: That's it from me, sir. I will join back in queue. Thank you.

Moderator:	Thank you. The next question comes from the line of Divyansh Thakur with Finterest Capital. Please go ahead.

Divyansh Thakur:	Yes, good evening, sir and congratulations on the great results. Sir, I wanted to ask like what specific segments or geographies that will drive the future growth and like what are we looking in the next 3-4 years? How large can this business become?

Sheshadri Srinivas:	So, the typical sectors that we operate, we call it as BRIMPH, Banking, Retail, Insurance, Manufacturing, Pharmaceutical and Healthcare. And of course, the IT sector is always there because most of the large enterprises are our customers. So, these are the segments that we operate and we provide solutions. And these sectors are ever-growing, right. Look at the Banking, Insurance, Pharma, Manufacturing is always in the growth journey. So, we intend to invest and develop solutions which can cater to these sectors. So that is the idea. Even if you look at the product, what we have invested AURYIS to start with we are providing to pharmaceutical industry. So, the focus has been on this BRIMPH and we continue to do that. And I don't see any challenge in these sectors on the growth side.

Divyansh Thakur:	That is great, sir. Sir, when do we expect to migrate to the main board? Like is there something pending from our side to complete the transition?

Sheshadri Srinivas:	Plans are on the cards. But I don't know, like, may not be a good time to reveal the timeline at the moment because we are also evaluating both, one is on the preparedness and the eligibility and benefits. All of that are getting discussed internally. Once things are finalized and once, we decide, yes, definitely announcements will be done.

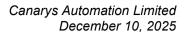| **Divyansh Thakur:**	Sir, just one last question. What are the main reasons for the margin decline and do we expect to be back on the historic level?

Sheshadri Srinivas:	The margin decline, as I read out during my presentation as well, we are constantly investing on people, products and the expansion. So, when you are at the growth phase, two things can happen, right? So, one, whatever the profits we generate, you can invest back into the system and then grow or you can raise money through other systems, meaning it can be debt or equity or any other means. I am not taking the later route. So, we are investing some of our profit margins and then growing for now. And this will continue for at least next few quarters and then once we get into the autopilot mode, then we can see there will be a change in the margin as well. But we are cautious on even the investments and how we want to really scale this.

Divyansh Thakur: Sir, one last question, sir. What are the sustainable margins are we looking at for this year and for the incoming next year and to scale up in the coming time?

Sheshadri Srinivas: So, we continue to deliver the same amount of margins what we are doing today. So that will allow us to sustain and also grow. We don't mean to go down below what we have delivered now. So that is the plan for now.

Divyansh Thakur: Thank you so much, sir. I will fall back in the queue.

Sheshadri Srinivas: Thank you.

Moderator: The next question comes from the line of Murtaza with PinPoint X Capital. Please go ahead.

Murtaza: Hi, sir. Good afternoon. Congratulations on a good set of numbers. I had 3 questions. First of all, on a consolidated basis, on H1, we saw Y-o-Y growth of 160% plus, and which was largely driven by technology solutions and Fortira consolidation. And so, how much of the growth is organic in terms of organic and what kind of normalized organic run rate can we assume going forward on a ballpark basis?

Sheshadri Srinivas: Thanks for that. Definitely, if you look at the organic growth also, we are able to grow year-on-year and been focusing on the IT solution sector quite a lot. It has grown almost 200% from what we reported last year. So organic, this one also, the product and solutions, what we are delivering, it helps our organic growth. And these acquisitions are identifying some other means is our inorganic plan. But if you ask me proper number of guidance, we have not built the practice of giving forward-looking guidance for now. But definitely, the plan is to grow organically and wherever opportunity comes, inorganic as such.

Murtaza: This helps. Another question I had was, our order book has scaled up to about INR 2,000 million. And so, can you please give a breakdown in terms of what part of that order book as of now is in a multi-year annuity? And what is one-time projects like a ballpark figure would work?

Sheshadri Srinivas: The WRM is definitely in a multi-year contract. Because we sign up minimum 3 years and it goes up to 5 years. So, it will be 3-5 year contract with WRM. It is all multi-year. With the IT solutions also, as I mentioned, about 35%-40% is on a multi-year contract. And rest are short, mid-term to long-term, I would say, like, 6 months, 12 months, 15 months kind of contracts.

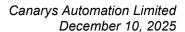| Murtaza:	And one final question I had, I saw in H1, our attrition rate has dropped to 5%, which is kind of very low for the sector, as well as our past experience in our company as well. So, like, is it due to the shift on-site and off-site mix or maybe some other initiatives we have taken? Like, how sustainable is the rate?
Sheshadri Srinivas:	Yes, as I mentioned, we have given a lot of importance on the skill upgrade capabilities, and we opened quite a lot of training programs for our employees, especially on the AI, ML, and data. And they are all working on the cutting-edge technologies, delivering quite a lot of good projects. So that has really affected the attrition rate. And also, company is growing, and they are seeing both organic and inorganic growth happening, and the culture, what we are working internally to get them aligned. So that has motivated them and has helped to maintain the attrition rate. We are working towards keeping this as a standard, and hopefully we will be able to achieve this.
Murtaza:	Thank you very much. I will fall back in the queue. Thank you.
Sheshadri Srinivas:	Thank you.
Moderator:	The next question comes from the line of Rahil Dasani with MAPL. Please go ahead.
Rahil Dasani:	Thank you for the follow-up. Just to continue on the questions that I have regarding our product business, in this year's annual report, we mentioned about the CMH platform product. We were to launch it in this year, once the testing phase is completed. So, if you can also share more on this?
Sheshadri Srinivas:	The CMH is a framework. It is a modernization framework, which we are using to deliver to our existing customers and to the new customers already. So that framework keeps evolving as we progress. So, the CMH is already available as part of a solution now.
Rahil Dasani:	So, this is not a product. It is a solution, you are saying?
Sheshadri Srinivas:	Correct. It is a solution.
Rahil Dasani:	So, the INR 7-INR 8 crores of intangible?
Sheshadri Srinivas:	No, there are two. You are talking about the migration hub or the modernization. If you are talking about the migration hub.
Rahil Dasani:	I am talking about the modernization.

Sheshadri Srinivas: Modernization is a framework. We also have migration hub, which is, that is also CMH Canarys Migration Hub. That is a product which is already available in the market. It is available in both GitHub, Microsoft, and Canarys marketplace. That is targeted towards the _34.02[Inaudible]_ and modernization framework is targeted on the digital transformation.

Rahil Dasani: Got it. So, if you can maybe share that the INR 7-INR 8 crores of intangible that I am seeing in the CWIP is that for which product are we seeing this or are we working on multiple products?

Sheshadri Srinivas: This is a combination of AURYIS and quite a lot of products, CMH, even on WRM, we have the solution. All of that combined together.

Rahil Dasani: And how much more can this amount further increase to because it has already increased from INR 3 crores to INR 5 crores to now INR 8 Cr?

Sheshadri Srinivas: As the product development is done, we are trying to commercialize that and that will be taken out. So, there is a constant investment required for us to really grow in the transformation, right? So, if you look at services to solutions to product transformation. So, IT there is a value chain, right. So, it starts from your consulting or staffing and then services, then solutions, and the product. So, we are moving higher the value chain. So, when you want to move higher the value chain, there is good amount of investments required. At the same time, good amount of returns are also expected. So that is where we are moving today. We are now in the cusp of both solutions and product, so higher on the value chain and higher returns. So as I mentioned earlier as well, the investment will be there for next 10 or 12 to 18 months. And then once it starts commercializing, yes, then it is self-sustainable.
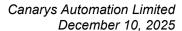
Rahil Dasani: Got it. That is helpful. So, I will tell you why I am asking this is because as of date, our company is not generating cash flow. So, any and all amount that we invest in product development that will show up in our debt on the balance sheet. So that is how I was trying to understand how much more are we planning to spend on product development in the next 1-2 years, because that is the exact number that will add to our debt, because as of date, we are cash flow negative.

Sheshadri Srinivas: Correct. So, we are working towards it. Yes. Thanks for that.

Rahil Dasani: Sorry.

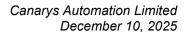| **Sheshadri Srinivas:**	We are working towards that. Thanks for that input and the question. But that helps us to.
Rahil Dasani:	Fair enough. And sir, regarding the margin fall reasoning, employee cost is, when you said that one of the reasons is employee cost and we are hiring for that investment phase. For the last few years, employee cost has been growing at the pace of sales growth. So it is not outpacing sales growth. So what particular cost or head has impacted the margin post-2023 when we achieved close to 17%? If you can share more specifically, because there has been some sort of a gap, because in our concalls also, we used to say that both our businesses can do 20%-25% operating margins?
Sheshadri Srinivas:	Correct. Because we are also bringing quite a lot of senior leaders into the system. As we grow, right, you also need good senior leaders into the system. And these senior leaders, you know the cost, right, so today, they are expensive. And for a reason and a cause, they join companies like us. So, we are attracting good seniors and the leaders from the market. So that is one of the specific costs because they cannot be a direct fillable role, right? Because they come for certain initiatives, they come to drive certain business, so their cost to be amortized in the entire system. And the second, definitely on the scaling part, because when you acquire companies in North America, and then you want to scale business there. So, there is a lot of travel and the sales, marketing, campaigning efforts and money to be invested. So, we are also investing in that. And of course, on the solution front, as we grow, there is an investment. So, these are the three main buckets for the investments.
Rahil Dasani:	Fair enough. And sir, just last question from my side, this is a rather basic question since I am new to the industry. So maybe you can help me out. In our last 2 concalls, we shared about adding 73 and 63 new logos individually in last 2 concalls. And based on our investor presentation, our customer base is 100-120 customers in our base business. So how I am thinking about it is that even after adding such a large number of customers, our turnover isn't increasing as much in the base business. So, if you can explain why is that? Or am I missing something here?
Sheshadri Srinivas:	Yes, good question and also, let me make you understand that one of the core business segments in us, this one is DevOps, what we call. So, DevOps is related to Microsoft and GitHub partnership and DevOps stands for an ERP in the IT industry, just to be at a very high level. So, this DevOps business, what happens, there is a lot of customers, they come for short-term engagement. And the delivery cycles are also pretty short. And the contract value will also be not a big contract value that we get signed up with such engagement. So that is the reason if you look at the direct proportion between the

number of customers, what we add and the revenue, yes, it looks a little skewed, that is because of this. But the strategy now is, say, for example, when you acquire some large enterprise customers through DevOps, it opens gate for you. So, it also allows you to mine that account and then grow deep into the account and get more business. So that is the reason DevOps business helped us in terms of customer acquisition and the scale. But also, it also creates little confusion like what you have. That is a good question and I think it is a good response for everyone.

Rahil Dasani: So that makes a lot of sense. So, sir, considering that we have onboarded so many large customers.

Moderator: Mr. Rahil.

Rahil Dasani: This is just in continuation to the current question. Since we have already onboarded so many new customers and we just need to cross-sell them higher value products now that is my understanding from what you shared. So, what sort of growth can old base business that we have currently, where we are doing close to INR 89-INR 90 Cr as of FY '25, what sort of growth can that business see since last 2-3 years have been rather flatter for us? So now that the customer induction is done, what sort of growth can we see in the base business?

Sheshadri Srinivas: We are seeing some of the accounts grown 100%, 200%. And there are some customers, like especially in the banking and insurance, it takes time because every solution, it has to run through a lot of audits and processes because of the security and other aspects. But we have seen good growth in some of the customers. In one of the insurance customers, where we have seen 150% growth in last 18 months. So, with that, there are combinations. But our intent is constantly mind the account and keep the relationship very strong.

Rahil Dasani: Got it. Sure. I will get back in the queue.

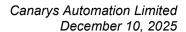**Moderator:** Thank you. The next question comes from the line of Niraj Chhajer with Pransh. Please go ahead.

Niraj Chhajer: Yes. With regards to your Fortira equation, when you have to purchase a balance 49% and at whatvaluation?

Sheshadri Srinivas: So, we have 3 years to the deal. So, we have time next 2-1/2 years, 2 years, 3 months. So, the initial valuation was done at 5 million and 51% acquired on the 5 million

valuation. This 49% is on the EBITDA multiple. So, we have to see where we stand at the end of third year. But we also have the option to go a little earlier to that.

Niraj Chhajer: And what is the EBITDA multiple range at which you have to purchase?

Sheshadri Srinivas: So, whatever the valuation that we have done, it is the same EBITDA multiples. But we have to see what is the EBITDA that will be there at that particular period.

Niraj Chhajer: Got it. Secondly, with regards to your water resource management, revenue dropping now, which is a conscious decision to improve your working capital line, working capital days kind of thing, so is it like dropping from 34%-4% to 2%? Is it because of the H1 full year basis, because most of the revenue gets booked in H2? Or that is how it is going to be, where water resource management becomes a very small miniscule portion of the total revenue?

Sheshadri Srinivas: No, definitely, there is some traction in the H2. So, we are looking at 80-20 ratio, 80% coming from the IT solutions and 20% from the water resource management. And that 20%, yes, we target to complete in the H2.

Niraj Chhajer: So, considering that, there will be even significant growth, one, because of the basic fact itself of your acquisitionthat you have done, plus the water resource management revenue coming in into the H2, because the technology solution is fairly constant. So, we have seen a stronger H2, I guess?

Sheshadri Srinivas: Correct. And also, technology solutions, we have focused more and there is also a good growth, even at a consolidated level and at the standalone level. So that will continue to grow, whereas 20% contribution, we expect from the WRM.

Niraj Chhajer: One other thing is with regards to the order announcement, while I see the order book increasing there, but under the SEBI rules, you have to announce any large order. So, what is the threshold of the order that you have kept on which you have to make those announcements? Because I don't see any order announcement coming up from the company's website, but when the quarterly or half yearly numbers come, that time only we see the growth in the order book?

Sheshadri Srinivas: I will have to check on the threshold. It is not on top of my head, but I can definitely check and maybe in Steller Group Investor Relation.

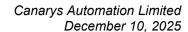|	
Niraj Chajjer:	I think as a smaller company, if you keep a lower threshold, so we keep on getting a regular update on the order book because whenever you announce a new order, you get to know what is the outstanding order book or the total order book?
Sheshadri Srinivas:	I don't know, I will have to check whether we have the flexibility of defining the threshold or I am not too sure because I am not an expert in that, but I can definitely take this input.
Niraj Chajjer:	No, that is not what is the major order? That is what you need to do. Whatever is a UPSI, you have to decide?
Sheshadri Srinivas:	Correct.
Niraj Chajjer:	This is the data and I have to go ahead and announce it out there. Last is the housekeeping. What portion of warrants have been already exercised? What is pending? By when that needs to be exercised?
Sheshadri Srinivas:	No, 100% is exercised.
Niraj Chajjer:	100% is exercised?
Sheshadri Srinivas:	Yes.
Moderator:	Mr. Niraj, does that answer your question?
Niraj Chajjer:	Yes, I don't have any further questions.
Moderator:	Thank you. The next question comes from the line of Divyansh Thakur with Finterest Capital. Please go ahead.
Divyansh Thakur:	Sir, I wanted to ask what is the growth rate that we can expect going forward after the acquisition like if you can tell it on a blended basis going forward?
Sheshadri Srinivas:	I don't know the growth rate. As I said, we have not really built that forward-looking practice or the guidance. If you look at the last 2 years of history, 20% we are growing. And this year, the H1 results are pretty much above the last 2 years' results as well. So maybe you should extrapolate this and then arrive at some kind of a calculation. But we are also working towards how do we give some kind of a guidance. Once we have that kind of policy, definitely, I love to share the futuristic numbers. But for now, we

are pretty much in the growth phase and we are excited about the journey. You can extrapolate that. That is what I could say.

Divyansh Thakur: Thank you, sir.

Moderator: The next question comes from Rahil Dasani with MAPL. Please go ahead.

Rahil Dasani: Yes, thanks for the opportunity again. Sir, just to continue on the previous participant's question regarding the order book. One observation that I had was that our order book has not been growing as much. We had one large order in May 24 last year of approximately $13 million, close to INR 120 Cr. And post that, we haven't been able to win any significant order. There are a few smaller INR 2-INR 3 crores order, but there has not been any large significant win, which is helping scale up our order book. So how should we think about this?

Sheshadri Srinivas: If you look at the current order book, it is also pretty much healthy. It is over INR 200 crores. And probably, the threshold level orders may not be there, but overall order book looks pretty healthy. INR 208 crores, it is a pretty good order book what we have. And the split between IT solutions and even the WRM looks pretty healthy. INR 50 odd crores from WRM and INR 150 odd crores from the IT solutions is a pretty healthy order book what we have. But yes, as I mentioned earlier as well, I will have to check on the threshold and see how do we start announcing and other stuff. But yes, it looks pretty healthy.

Rahil Dasani: So why I was asking this is because when we are seeing this INR 200 crores order book, I believe the $15 million from Fortira is also included into this. So in March 24, the standalone order book was?

Sheshadri Srinivas: No, so that is different. INR 200 odd crores is standalone.

Rahil Dasani: And what would be the order book in Fortira right now?

Sheshadri Srinivas: No, Fortira also we have given the order book, right?

Rahil Dasani: Actually, in this investor PPT, we didn't have that number. Hence, I was a bit confused if the 15 million is also included in this INR 200 Cr order book.

Sheshadri Srinivas: No. See, Fortira already have similar kind of an order book around 12-13 million order.

Rahil Dasani: So you are saying that the base business, old business has INR 208 crores order book and Fortira excluding that has another INR 130 or INR 120 crores order book, roughly?

Sheshadri Srinivas: No, INR 150 crores is the IT solutions order book, which includes Canarys Automation Limited and Canarys Corp. And Fortira has a separate and WRM has INR 50 plus crores of order book.

Rahil Dasani: Perfect. Got it. And sir, few questions around the numbers. I can see a large increase in our other current asset. Is this because of the unbilled revenues or is there some other reason for this?

Sheshadri Srinivas: It is because of the unbilled revenues. You are right.

Rahil Dasani: And from the INR 16 crores in standalone in the total other current asset, how much would be the unbilled revenue?

Sheshadri Srinivas: INR 14 crores is the unbilled.

Rahil Dasani: So that number is scaling at a big pace. And the same number?

Sheshadri Srinivas: And it is already billed. Post, I think, September 30th, it is billed, we have that 30 or 45 days window.

Rahil Dasani: So this would be all water business, right?

Sheshadri Srinivas: No. It is all IT solutions.

Rahil Dasani: So unbilled revenue is for IT solutions?
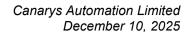
Sheshadri Srinivas: Correct.

Rahil Dasani: Got it. And the similar number is INR 24 Cr. So additional INR 10 crores in subsidiary?

Sheshadri Srinivas: Additional 10 crores in subsidiary.

Rahil Dasani: Because what I am saying, the other current asset and in standalone is INR 16 Cr and INR 24 crores in consolidated?

Sheshadri Srinivas: Yes, you are right.

Rahil Dasani: So what is the reason for this unbilled revenues? Because usually in IT companies, we don't see unbilled revenues at such a significant number usually?

Sheshadri Srinivas: See, generally what happens, even to build, right, you need an approval mechanism. Generally, you get the approvals and the deliverables, milestones achieved in the first, second, third week of the following month. But in this case, we had to close the books, right. So we had to consider that as well, because the work completed and delivered, but we were waiting for the customer approval. So, it had to be booked. Otherwise, expenses gets booked and then there is no revenue accounted for that, right. So that is the reason there will be a slight delay of 2-3 weeks and that happens immediately post we close the books.

Moderator: Thank you, sir. Ladies and gentlemen, due to time constraint, this was the last question. I now hand the conference over to Mr. Sheshadri Srinivas for closing comments.

Sheshadri Srinivas: Thank you. Thank you all for being part of our conference call and for actively participating in the call. We appreciate your support and trust in us. We hope we have been able to address most of your queries. In case of further queries, you may reach out to our investor relations advisor, Stellar Investor Relations. Thank you and have a good day and please continue to provide the same amount of support and encouragement.

Raman Subbarao: Thank you.

Moderator: Thank you. On behalf of Canarys Automation Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.