Date: February 09, 2026

To,

BSE Limited,
1st Floor, New Trading Ring,
Rotunda Building, PJ Towers,
Dalal Street, Mumbai – 400 001
Scrip Code: 544414

National Stock Exchange of India Limited
Exchange Plaza, Bandra- Kurla Complex,
Bandra (East), Mumbai – 400 051
NSE Symbol: BLUSPRING

Dear Sir/ Madam,

Sub: Transcript of Earnings Call – Q3 FY26

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of the Earnings Call held on February 04, 2026. The above information is also available on the website of the Company at https://bluspring.com/financial-information/

Request you to please take the same on record.

Yours sincerely,

For **Bluspring Enterprises Limited**

ARJUN SUNIL MAKHECHA
Digitally signed by ARJUN SUNIL MAKHECHA
Date: 2026.02.09 17:26:55 +05'30'

Arjun Sunil Makhecha
Company Secretary & Compliance Officer
Membership no. ACS 29253

Encl: as above

"Bluspring Enterprises Limited

Q3 FY '26 Earnings Conference Call"

February 04, 2026

MANAGEMENT:	**MR. KAMAL PAL HODA – EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER – BLUSPRING ENTERPRISES LIMITED**
	MR. PRAPUL SRIDHAR – CHIEF FINANCIAL OFFICER – BLUSPRING ENTERPRISES LIMITED
	MR. NIBODH SHETTY – HEAD, INVESTOR RELATIONS – BLUSPRING ENTERPRISES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Bluspring Enterprises Limited Q3 FY '26 Earnings Conference Call hosted by IIFL Capital Services 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Nibodh Shetty from Bluspring Enterprises. Thank you and over to you, sir.

Nibodh Shetty: Good morning, everyone. Thank you for joining Bluspring Enterprises Limited's Q3 FY '26 earnings call. At this point, I would like to highlight that today's discussion may include some forward-looking statements which are based on current expectations and are subject to business risk, regulatory changes, and macroeconomic conditions.

We do not guarantee these statements or results and are not obliged to update them at any given point of time. These statements should be read in conjunction with the Safe Harbor clause outlined on Slide number 2 of our investor presentation.

With that backdrop, I hand the call over to our CEO Mr. Kamal Pal Hoda followed by Mr. Prapul Sridhar our CFO for the opening remarks.

Kamal Pal Hoda: Thank you, Nibodh.

Good morning everyone, and thank you for joining the call today.

Let me begin by sharing some brief context on Bluspring's operating environment during the quarter.

- In the continued push toward formalization of employment, the government notified the new labour codes in November, after announcing 'Employment linked Incentive' scheme in August.
- These codes significantly simplify the earlier framework of labour laws and remove ambiguities around the calculation and payment of statutory dues. We believe the implementation of these codes will act as a tailwind for fully compliant, formal employers, as it becomes increasingly difficult for principal employers to work with non-compliant vendors.
- As mentioned in our Q3 disclosures, we have provided for one-time costs related to higher gratuity and leave encashment. These costs are one time in nature, and going forward, we expect both revenue and margin tailwinds from the implementation of the Labour codes and ELI scheme.

Now, let's discuss Q3 and 9M performance:

- Bluspring recorded Q3 revenue of ₹844 crore excluding the 'Investments' vertical. This represents an increase of 10% year-on-year and 1% Quarter-on-quarter.
- The 10% Year-on-year revenue growth was driven by:
  - New sales additions in the Facility Management and Security verticals
  - Quarter-on-quarter growth remained flattish due to the Industrial vertical, as weakness in telecom network rollouts persisted through the quarter
- For 9 months, the revenue stood at ₹2,458 crore, an increase of 12% Year-on-year, with all three verticals clocking double-digit Year-on-year growth.
- Our revenue base continues to be well diversified across customers and sectors, with the top 30 customers contributing only 49% of revenue, and eight different sectors each contributing more than 5% of overall revenue, enhancing the robustness of the business.
- Q3 EBITDA stood at ₹32 crore, an increase of 12% Year-on-year and 12% Quarter-on-quarter, while 9 month EBITDA remained flat at ₹85 crore.
- As discussed in earlier calls, flat EBITDA on a nine-month basis is due to investments in leadership and sales team enhancement. As these investments continue to get absorbed by revenue growth, EBITDA growth will pick up, as evidenced by the 12% Quarter-on-quarter growth this quarter.
- The sales engine continues to perform strongly. In nine months, we have secured new contracts worth ₹278 crore across Facility Maintenance, Food, and Industrial verticals. The Security vertical deployed over 2,000 guards during the year from new sales. The sales pipeline remains strong and will continue to drive growth in the coming quarters.

Now coming to Segment Updates

In Facility and Food Services

- This segment had a solid quarter with Q3 revenue of ₹ 521 crore; growing by 11% Year-on-year. The year on year growth was driven by new contract mobilizations.
- 9M revenue stood at ₹ 1,511 crore, a growth of 13% Year-on-year.
- New sales continue to be strong in Q3, with business winning contracts worth ₹ 79 crore ACV. Industrials and Healthcare were major drivers for new sales. With strong Q3, total ACV won for the year stood at ₹ 189 crore.
- In housekeeping, focus on quality deals have seen the new deals being won at 150 to 200 bps higher margin vs. last year.
- With growth drivers in place, the business is now focusing on margin improvement initiatives through efficiency gains, accelerating digital adoption across processes, and vendor consolidation.

In Telecom and Industrials

- Starting with safety updates, I am happy to report that our industrial vertical once again logged Zero fatalities and lost time injuries in Q3. The industrial vertical has now logged over 19,000 Health and Safety training hours in nine months.

- Q3 revenue remained flattish at ₹ 151crore, as delayed rollouts by telecom majors continued to hamper our telecom business. However, timely cost-optimization efforts around resources, tools, and vendor optimization ensured profitability growth, with the business delivering double-digit EBITDA margins during the quarter. We expect telecom rollouts to pick up in Q4, driving high single-digit Quarter-on-quarter revenue growth.
- Business recorded 9M revenue of ₹ 458 crore, growing by 10% Year-on-year on the back of new sales done earlier quarters.
- In the Industrials sub-segment, our focus on transitioning from a manpower provider to a strategic operations partner continues to yield results, as we won a ₹20 crore ACV contract for consolidated electrical and instrument maintenance for a large manufacturing client. The contract to be mobilized in Q4. Excluding this, Industrial vertical has won ₹51crore ACV worth of contracts in 9 months FY26.
- As I mentioned during Q2 earnings call, our telecom active infra business is focusing on diversifying its revenue streams. The business took a significant step in that direction with the first overseas project, where we are now deploying 50 resources outside India.

In Security Services

- The business continued its upward trajectory in Q3 with revenue of **₹ 173 crore a 15% Year-on-year increase. Similarly, the** business clocked 9M revenue of ₹ 489 crore, an increase of 14% Year-on-year. **This is powered by HC addition of over 2,500 over last 12 months, a growth of 12% Year-on-year.**
- While, the Q3 focus was on operational consolidation, the business has continued to add new logos. In Q3, we deployed 594 HC against the new contracts won. The new sales have now added over 50 new logos in the present financial year.
- As mentioned in Q2 call, strengthening of sourcing channels continues to be the key focus area in this segment. We have invested in the sourcing team throughout the year and we are starting to see the early results in deployment.
- With both sales and sourcing team in place, we are confident of achieving the similar growth trend in coming quarters.

In Foundit

Our AI-powered job search platform delivered a revenue of ₹18 crore in Q3, with 45% sales productivity increase Q3 over Q1. For Q3 our key focus levers for sales were driving new productivity, improving renewal rates and optimizing for channel mix. On platform, product revamp is completed with better UI/UX for seeker and recruiter, while positioning foundit as a skills first platform. Focus for Q4 to be on strategic sales and marketing spends to accelerate growth. I will now hand it over to our CFO Prapul Shridhar for the financial deep dive. Over to you Prapul.

I will now hand over to our CFO, Prapul Sridhar for the financial deep dive. Over to you, Prapul.

Prapul Sridhar: Thank you, Kamal and a very good morning to all of you present in this call. At the onset, I would like to speak about the elephant in the room, the new Labour Code. As you are aware, the government has now implemented a major reform that has been in progress for several years. 29 separate labour laws have been consolidated into four comprehensive codes. These reforms are aimed at strengthening compliance, ensuring timely wage payments, formalizing employer-employee relationships and addressing the long-standing issue of Labour exploitation in unorganized sectors.

In the immediate term, these changes do have an impact on operating costs. We have assessed an incremental liability of INR 29.8 crores relating to past service cost in gratuity and leave liabilities. We expect that these costs will largely be passed to the clients over time as we have enough safeguards in our contract terms that allow us to revisit pricing in every event of statutory revisions.

We have already initiated discussions with clients on revised revision of wages to comply with the new Labour Code. While such discussions will take some time to conclude, in the interim management has taken a prudent approach and recognized this as a one-time charge as a balance sheet debt. Given its regulatory-driven nature, materiality and non-recurring characteristics, this impact has been classified as an exceptional item in our financials.

Now I will take you through the consolidated financial performance excluding foundit for quarter, before discussing segment-wise results and other corporate updates. We reported a consolidated revenue of INR 844 crores for the quarter. a 10% year-on-year growth and 1% sequentially. Year-on-year growth was driven by growth in facilities, food, industrial and security solutions verticals, while we saw some headwinds in telecom vertical due to slow down in rolling out of new projects.

During the quarter, we have mobilized close to around 39 new contracts contributing to an ACV of INR 89 crores. We continue to have a well-diversified sector base with top three sectors that is industrials, commercial spaces and government and public infra continued to contribute to close to around 50% of our revenue base.

EBITDA for the quarter stood at INR 32 crores which is up 12% year-on-year and sequentially. EBITDA margins have improved by 37 basis points over the last quarter to 3.8% in line with our margin guidance as given in the previous quarters. The strong growth in EBITDA and expansion of margins was aided by volume growth in food, facility and security space with new contracts being mobilized at better margins.

Margin expansion in food was seen as generally in Q3 is a strong quarter for the education sector.

Second, we saw some efficiencies across businesses arising out of shared services teams consolidations. Our adjusted PAT for the quarter stood at INR19 crores. The PAT was up 54% year-on-year and 14% Quarter on Quarter. EPS for the quarter stood at 1.2 per share.

Our interest cost has spiked by INR 3 crores of which INR 2.2 crores was due to true up of fair valuation of put liability of an acquisition of Vedang's remaining 1% equity.

We continue on our previously stated trajectory of reducing DSOs and net debt levels. As at 31st December, our net debt level is INR 107 crores a reduction of INR 29 crores quarter-on-quarter while our DSO stands at 98 days as against 105 days reported in the last quarter. With novation activity largely behind us, we are on course to bring net debt levels to sub-100 levels as guided earlier.

Moving now towards segment wise performance.

Our facilities and food services business continues to be our largest segment contributing to 60% of our total revenues. This vertical grew 11% year-on-year and 1% sequentially to INR 521 crores. This growth was driven by 20 new client additions during the quarter with an annual contract value of INR 79 crores.

As reiterated in the previous quarters, our focus remains firmly on profitable growth. We added new clients across education, commercial, BFSI and healthcare sectors. EBITDA for this segment stands at 4.5%, a 50 basis points jump from the previous quarter. This was aided due to our food performance gaining momentum in education sector and new contracts coming at higher margins during the quarter. Commencement of our new central kitchen in Whitefield area remains on track and we expect the same to be operational starting next quarter.

Our telecom and industrial segment reported a revenue of INR 151 crores, a growth of 2% year-on-year and down sequentially by 3%. Telecom business performance was muted as network operators have briefly slowed down new network rollouts as mentioned earlier. In our industrial vertical, we have begun to reposition ourselves as an end-to-end O&M player in line with our long-term strategy to move away from traditional manpower supplies and Labour arbitrage businesses to SLA based.

EBITDA for this vertical stands at 9.9% for the quarter a 160 basis points jump. The strong EBITDA growth was aided by one-time shutdown activities, ECL improvement on account of better collections.

Our security services business delivered another strong quarter with revenues up 15% year-on-year and 3% sequentially to INR173 crores. In nine months, we have mobilized close to around 2,500 plus headcounts. However, the EBITDA for the business was muted for the quarter due to certain one-offs on bonus billings and provisioning towards receivables.

Coming to our investments in foundit. Revenues for the quarter were INR 18 crores. We continue to maintain our EBITDA losses at similar levels as last quarter. We are confident that our new initiatives and revamp product will start seeing some traction soon and it would reflect in the numbers.

To conclude, we are a young company that has consistently delivered strong results since our listing. We remain confident that we firmly are on course to achieve the guiding principles that we set out to ourselves and are committed to building on this momentum as we move forward.

Thank you again. Now the floor is open for Q&A session.

Moderator: Thank you. We will now begin the question and answer session. Our first question comes from the line of Khushi Jain from Negen Capital. Please go ahead.

Khushi Jain: Hello, this is Khushi Jain from Negen Capital. So my first question is that the foundit revenue has decreased by almost 27% year-on-year basis. So but the core business of Digitide revenue has been increasing by 15%. So I want to understand does the board consider that we are going to divest our assets or sale of the asset, is like a specific deadline for the turnaround? Because it is impacting our consolidated margins?

Kamal Pal Hoda: Is that the only question, Khushi? You said it is the first question.

Khushi Jain: One more question…

Kamal Pal Hoda: So Khushi, Kamal this side. Okay. As mentioned in the present earnings call, most of the product-related work and investments is complete. The product revamp is now completed with a better UI/UX for both seeker and recruiter. We are extremely confident that there will be an upward revenue trajectory starting with this current quarter onwards. And in the run up to this, we've also been bringing down our cost base to levels that we have visibility of break-even in next three quarters.

It has probably taken three to four quarters more than what we had originally anticipated. But like I said with the revamp product and the strategic sales and marketing spends that we are doing presently, we expect the revenues to significantly go up starting with the current quarter itself.

Khushi Jain: Okay, got it. So you are saying that the break-even which is going to happen by next quarter, which it will take like three to four more quarters. Correct. Perfect.

Moderator: Our next question comes from the line of Aadarsh Pincha from Negen Capital.

Aadarsh Pincha: Yes, so my question was regarding the foundit. My question was you have guided for foundit break-even by the end of FY26, but with revenue shrinking, is this break-even being achieved through cost cutting which might hurt future growth or do you see a genuine revival in recruitment demand? If not, what is your plan B if foundit losses continue in FY27?

Kamal Pal Hoda: We have used this year to do two, three different things with foundit. One is on the product itself. We've revamped the product and the product obviously now is with much better UI/UX, much, much better search capability and we have some fantastic feedback from a lot of clients to whom we have taken this new product only in the current quarter, which is Q3. We've got some very encouraging feedback.

And we are confident that this should now help us go back to the regular revenue trajectory of around INR 25 plus crores a quarter which we used to see in foundit earlier. We feel that starting Q4 onwards, current quarter onwards, we should be able to see that uptick in the revenue. And in our run up to the product revamp, we had actually reduced our spend base and brought down foundit to a year back when foundit used to be at almost a INR 45 crores a quarter kind of spend base to a present year INR 30 crores a quarter kind of a spend base.

So we've right-sized the company, made it a very agile company and also got the product up. Now with some strategic sales and marketing spends, we are confident of reviving the P&L. And like I said, we look forward probably another three quarters for a break-even and I think we'll start seeing uptick in the revenue starting this quarter itself.

Moderator: Our next question comes from the line of Kaustav Bubna from BMSPL Capital.

Kaustav Bubna: So wanted to understand exactly how you feel margins will expand due to the new Labour code. Also wanted to understand what's the update and correct me if I'm wrong, wasn't the government supposed to notify on a universal basic minimum wage which they still haven't or have you all got some communication? Could you please speak a little bit about this?

Prapul Sridhar: This is Prapul here. On this Labour code, it was a notification given by Government of India on 21st November. Certain clarifications on other aspects of national floor wages is still not announced, but there are many laws that is already effective immediately. So based on those clarifications or already a law, we have taken a liability based on the assessment of our gratuity and leave components.

Now to your question as to what will happen to the margin profile post implementation of labour code. So this is an exercise not different from any of the minimum wages change that happen twice in a year for every state or once in every once in every year. So basically it will be a discussion between us and the customer.

This time, the additional thing that we have to do is we have to actually see what is the right structure for an employee, which is a discussion that we have to have a client. And our contract allows us majority of any changes towards the statute be passed back to the customer. We don't see any margin profile coming down because of Labour Code.

Kamal Pal Hoda: Yeah, if I may add, Kaustav, while obviously the downside is not there, but there is a huge potential upside as these codes have obviously stringent compliance requirements and we believe that it's going to become increasingly difficult for people to work with non-compliant vendors. And with our nationally scaled safety-first and high compliant environment in which we operate, we believe that this could be a tailwind opportunity for players, formalized players like Bluspring.

Kaustav Bubna: So, basically, you're saying your bargaining power should increase with your customer. But if you could please elaborate a little bit on the codes that are already passed and will the codes that are already passed, will they already start impacting unorganized competition? And why so?

And isn't the announcement of the national minimum wage one of the most important aspects of this Labour Code and we can't really have the Labour Code to its full effect until that's announced because obviously every state has different minimum wages right now and it's all very scattered?

Kamal Pal Hoda: It's a very elaborate subject to be covered on an IR call, but let me attempt that. There were 29 codes as mentioned by Prapul and the 29 codes have been replaced by 4 codes now. And the four codes are already into existence. So to your question whether there needs to come something for let's say non-organized players, no.

The answer is that codes have been already notified and they are already in place. So there were 4 codes on wages which have been replaced by a single code called the Code of Wages. There were almost 13 legislation on health and working conditions which has been replaced by a single code called the OSH Code.

There were almost nine existing legislation on social security which has been replaced by a single code on Social Security. And then there were three separate legislation on the Industrial Relations which has been again consolidated into one Industrial Relations Code and all of them are already effective.

What we meant by the minimum wages, there is an expectation that government will come with a minimum floor wage which will be at a national level, moving away from the present state-wise minimum wages. So that's something yet to be notified which once gets notified will have effect immediately.

However, in terms of the key changes which have already been done is there is a clarity now on the definition of wages, what has to be considered and what has to be excluded and what will become let's say base for calculation of gratuity, what tenures to be considered, what will be the definition of a fixed term employment and related obligations on employers towards gratuity and leave encashment.

So there is abundant clarity on some of these aspects and are already effective and hence you would see not just us but a lot of companies have taken significant provisions. In our case, we've taken a INR 29.8 crores provision which is a 1 quarter effect and which we believe since most of our contracts have clauses where these statutory changes are a pass through, we should be able over the course of next 6 months work with our 1,000 plus clients and effect the changes of the New Labour Code.

Kaustav Bubna: Okay. Thank you so much.

Moderator: Thank you. Our next question comes from the line of Anant Mundra from Mytemple Capital. Please go ahead.

Anant Mundra: Hello, thank you for the opportunity, sir. So I had a few questions. One was the Labour Code charge that we've put as an exceptional item that we've charged on the P&L. Is this recoverable from the client? That was question number one.

The second question was as you mentioned that over 6 months, you'll probably sit down with your clients and revise how the wages structured, salaries are structured. So do you expect some kind of margin volatility or some kind of a revenue headwind over the next 6 months as things stabilize?

And number three was that there was also an ELI scheme that the government had announced which has now been notified I think from 1st August 2025. So have we worked around any numbers of how much that could benefit us on the bottom line? So these were the three questions mainly around Labour Codes and ELI schemes.

Prapul Sridhar: Sure. Thank you for that question. So let me cover the first aspect on the recoverability of whatever is the cost that we have already provisioned for. So this INR 29.8 crores that you can see has two splits in this. One is the core employees of 1,400 people that we are having. That is not passable back to the customer. That amount is close to around INR 9 crores.

So, the remaining INR 20-odd crores is what we have taken for associate population who are our revenue generators. For these costs on gratuity and leave encashment, as iterated earlier, we have to go back to the customer. We have a legal framework already agreed with the customer which allows us to go back and recover these costs.

However, we have to have such discussions with the customer before changing any of the structure of wages and enhancing the cost. So that's why we have not recognized any unbilled revenue towards these cost inflations during the quarter, which we believe that should be predominantly a revenue accretive in the future quarters to come. So that's answer number one.

On the margin profile for your second question, we as iterated earlier, we don't see any margin profile tailing down because of Labour Code changes. In fact, we have some tailwinds coming through because this will put everybody into a framework of all statuaries and retirals to be taken at a particular level, which will only enhance organized players like us in terms of either continuing with the same margin profile or enhancing it. What was your last question?

Anant Mundra: That was on the ELI scheme?

Prapul Sridhar: So Anant, you are right, ELI schemes are effective from 1st of August. There are two parts of the incentivization, one is towards the employer and one is towards the employees. Both these incentives are only going to become due end of February after completion of the first 6-monthly cycle of the scheme.

From 1st August we've been doing our workings and calculating the impacts. But being a government scheme, we would want to recognize this only on receipt basis because this will be a first time that such a scheme is announced. So we will wait for the money to be credited which may take a couple of months post it becoming due.

So the first date that it becomes due is the 1st of March, after let's say the new set of employees have completed a minimum period of 6 months. After reaching that milestone, there will be obviously some compliances that government would want us to do in terms of filing certain returns for claiming this money and once this money is received is when we would want to account it in the books. And the most likely that will happen either in the current quarter Q4 or Q1 of next year and we'll come back to the investor community to share the impact as and when we receive this amount.

Anant Mundra: Got it. So just one more follow up on the Labour Code answer that you mentioned. I just want to understand that in this quarter, our revenue growth has been slightly muted as compared to the previous quarter. So are there any headwinds because of this Labour Code where clients are trying to understand what the impact is and then take a call on new contract or new hiring? One more question as a follow up to the Labour Code.

And the other question was also like just want to understand do we also get benefits of 80JJAA on the tax side? Just want to understand how should we look at our tax rate and also because we've got, I think had some accumulated losses because of impairments. So do we I mean do we have any carry forward losses or we've recognized DTA for those carry forward losses?

Prapul Sridhar: Yes. I'll take the first aspect of muted growth. You're right, quarter-on-quarter at a blended level our operating businesses have sequentially grown by 1%, wherein you can see this telecom has -- telecom and industrial verticals de-grow by 3%. What we see is starting from September onwards, the new rollouts and the network rollouts that we had received the plans from the telecom operators have not happened. It has slowed down.

That is the reason we see that telecom vertical has seen a slight dip in revenue as against what we had planned. In terms of our security business, it's grown 3% quarter-on-quarter which is on course. Our facilities and food business saw some revamp in terms of the entire client profile. While you can actually see a growth of 1%, but if you actually take a gross impact, it is almost a 3.5% growth that we have done.

There were certain accounts that we have identified at the start of the contract which we actually did not want those profiles to continue because of the margin trajectory commitment that we have given and hence we have let go some of the contracts there which was there in the Q3. That is the net effect that you're seeing in facilities and food.

Net on net except telecom vertical, all our operating businesses have grown close to around 2% to 3% quarter-on-quarter. So that's one. With respect to your tax question, our Bluspring Enterprise Limited entire operating profile effective tax rate is close to around 17% to 20%. But however, you see a different aspect because of the deferred tax asset that is being created for the differential on the retirals that we actually provide for versus what is the payout. So that's the difference that you can see in our ETR quarter-on-quarter.

Anant Mundra: Okay. Got it. And sir, on the security side why were the margins impacted this quarter? And I I also mentioned that there was some stake increase that happened. So I think it's about 75% now. Do we plan to get to 100% in this?

Prapul Sridhar: Yes. So basically in our security vertical, even INR 20-30 lakh quarter movement in terms of the absolute EBITDA makes a lot of difference in terms of the percentages. So while the revenue has grown by 3%, we would have expected EBITDA to grow at 3% as well, which is a miss of around INR 75 lakh.

So this INR 75 lakh to 80 lakh of one-time provisioning we have taken on certain receivables which post confirmation from the client we have seen that there are certain leeways and penalties. While we have provided for it, we are also going back to the customer in terms of reconciling these receivables back into our P&L.

This is a prudent method that we follow here, which is called estimated credit loss which actually follows a floor rate of provisioning based on the aging of a receivable. That's the reason you see a slight dip in security. Other than this INR 75 lakh to INR 80 lakh if at all we account for that, I think they are in the trajectory of the growth of revenue.

In terms of stake sale, the stake sale actually stake purchase rather was in Vedang wherein we were already holding close to around 97% of the company and we increased our stake by further 2 percentage points. As far as Terrier is concerned, 25% of the company is with the employee trust and the balance 75% is with Bluspring.

Anant Mundra: Okay. Understood. Thank you for the detailed answer, sir. I have a few more questions. I'll get back in the queue. Thank you.

Moderator: Thank you. The next question comes from the line of Aryaman Shukla from Prudent Corporate. Please go ahead.

Aryaman Shukla: Yes, so it's Aryaman from Prudent actually. Sir, I had basically had two questions. One on foundit actually. Sir, so I understand that we are going through a recovery phase right now, but what can be the expected burn in the next three quarters till we break even that you had guided?

And number two was on telecom. So I think we've seen a decent slowdown here. So I mean -- should there be a revision in the guidance for the telecom segment and how should this impact our margin guidance? Because they give a decent chunk of margin to our overall company. So yes, these two questions?

Kamal Pal Hoda: Yes, thank you Aryaman. So let me start with telecom. We've not changed our guidance. We believe that while there has been a bit of a slowdown in the rollouts, but we've also been working on how do we diversify our revenue streams in the telecom business and one of them I have called out in my speech that we've been able to go international and the first overseas project where we have deployed 50 plus resources in one of the countries outside India.

In the current quarter, we actually plan to do one more. So we'll most likely by Q1 of next year would be in two geographies outside India so that we can continue to maintain this better margin business that we have in the Bluspring portfolio. We believe on a on a sustained basis this business should grow 12% to 15% year-on-year.

Coming back to foundit, as I said, we expect revenues to start coming back from the current quarter itself to disproportionate levels than what we've been reporting for last two, three quarters. And on the back of that, I'm confident that in another three quarters from now, we're looking at breakeven. In terms of burn over next three quarters on a cumulative basis, I believe somewhere between INR 30 crores to INR 35 crores we may have to invest further in the business post which the P&L will start looking positive.

Aryaman Shukla: Sure, sir. Thanks a lot.

Moderator: Thank you. The next question comes from the line of Priyan Shrivastava from KC Capital. Please go ahead.

Priyan Shrivastava: Hello, hi, sir. Thank you so much for the opportunity. Sir I want to ask what is your target return on capital at project level in facility management business like do you have a threshold?

Prapul Sridhar: Are you asking about the capital of facility management? I'm sorry, can you elaborate your question, please?

Priyan Shrivastava: The target return on capital, the target return on capital at project level?

Prapul Sridhar: Okay. Got it. So our ROCE currently is a double-digit ROCE at a blended level because we manage cash and debt at an overall level including all other verticals. We don't have a ready answer in terms of what exactly is facilities and food ROCE that you're seeing. But I would assume -- I can give you an indirect answer here.

So we have made investments close to around INR 300 odd crores in terms of facilities and food verticals to be where we are. This was mostly inorganic that we have done earlier. So we see that ROCE trajectory should only improve going forward. Right now, I can only give you answer at an overall operating Bluspring level, not at an individual facilities and food business. But I can actually come back to you one-on-one post we have the answer at a business level.

Priyan Shrivastava: Okay. Sure. Thank you so much. That was helpful. And the second like would you consider pursuing a buyback instead of allocating capital towards acquisitions?

Prapul Sridhar: See, buyback is not an option as of now. We are not thinking about any of such corporate restructuring as of now for the very reason that first we want to stabilize the entire operating business of ours, bring it to a stage where we believe the value will be right. And post that and also mind you our cash scenario as of now is around INR 107 crores of debt.

We have also called out in our previous calls that this is a company that we will not hesitate in terms of growing inorganically as well. So the priority of buyback as of now is not there while we will have a priority of growing this business organically and inorganically which requires capital.

Priyan Shrivastava: Okay. Got it, sir. Thank you so much. I'll join back in the queue. Thank you.

Moderator: Thank you. The next question comes from the line of Aryaman Shukla from Prudent. Please go ahead.

Aryaman Shukla: Yeah, sir, thanks for the follow-up. I've just got 2-3 bookkeeping questions. Can you please call out the cash and debt on balance sheet currently and what do our DSO days look like this quarter? Sorry, I missed that.

Prapul Sridhar: Yeah. So our operating businesses if you see, we have a debt levels of INR107 crores in terms of our debt levels as on December. Our DSO days as mentioned in my speech is close to around 98 days for our operating businesses, which was around 105 days last quarter.

Our debt has reduced by INR 29 crores quarter-on-quarter and as I mentioned earlier, that we believe that our cash generation is usually robust in Q4 and we have guided the markets that we will be a OCF to EBITDA ratio of around 50%. So having said that, we should actually see a sub-100 debt levels by March end. And our DSO levels from 98 days also should improve further.

Aryaman Shukla: Sure, sir. Thank you.

Moderator: Thank you. The next question comes from the line of Kaustav Bubna from BMSPL Capital. Please go ahead.

Kaustav Bubna: Yeah, please help me understand better because I'm not really -- so this foundit cash burn, how is it being funded? Because for the last few years you have been OCF negative. So I'm just trying to understand how have you been funding this rise in short-term borrowings over the last many quarters from March?

I'm just looking at the disclosed figures. March '25 was INR 79 crores, September was INR 194 crores, you're saying right now it's INR107 crores in December. So why was this debt can you exactly list the purpose of the rise in debt and how is foundit being funded and if we are going to do acquisitions and keep funding the foundit losses with how are you doing that with if cash accruals aren't coming in as of the moment?

Kamal Pal Hoda: Yeah. So Kaustubh, there are two, three aspects around cash flows. I think this year first 6 months we had not some great operating KPIs on cash flows on the back of novations that we had to do. So the entire 1,000 plus clients we had to go and novate our contracts from Quess to Bluspring.

And that was one of the reasons why we had a higher DSO days poor cash flows in the first 6 months and also a reason why our debt levels shot up irrespective of whether we were investing in foundit or not. That position has been completely addressed. All our contracts have been novated.

Our Q3 cash flows are much better than quarter 1 and quarter 2. And as Prapul mentioned, that on a full-year basis, we believe that we will be able to do 50% of operating cash flows vis-a-vis the operating EBITDA, which should help us manage our working capital levels.

The second questions on acquisition and funding the acquisitions through debt, we will come back when we have, you know, identified asset with proper diligence completed and a proposal we'll definitely share how are we going to fund those acquisitions.

In general, we have said that in long run we want to grow 3X of GDP both organically and inorganically put together and hence we would be looking at adjacencies to some of our existing businesses which will give us, let's say, better margin, better ROE businesses or better digital businesses to add to our existing businesses.

Coming back to foundit, foundit also as I said we probably are looking at only another INR 30 crores-INR35 crores of investment other than whatever we have so far invested. We had done a fundraise for foundit back in 2022 and we had also taken borrowings at foundit level to the extent of close to around INR 50-odd crores.

So foundit has been funded basis the previous fundraise and the debt levels that have been raised at foundit level. And I think we are very close to seeing a turnaround in this business and would want to continue to push the revenue trajectory in this business which like I said is visible from the Q4 onwards.

Kaustav Bubna: Okay. Just one last thing, you said INR 35 crores more investment in foundit, how much investment has been made till date, not including the INR 35 crores?

Kamal Pal Hoda: We would have invested close to around INR 250-odd crores, but that's not just our investment, this also includes the fundraise for which the money was also raised from the investors outside of Bluspring.

Kaustav Bubna: Okay so INR 250 crores and plus 35?

Kamal Pal Hoda: Yeah.

Kaustav Bubna: Okay. Thank you so much. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to the management for the closing remarks.

Kamal Pal Hoda: Thank you. Before I conclude, I'd like to once again emphasize that over the last three quarters, we've taken all round efforts to drive profitable growth and this has resulted in double-digit revenue growth in all verticals and 78 basis points improvements in our EBITDA margins in Q3 to 3.8% from 3.1% reported in quarter 1. Once again demonstrating that our strategy of growth with discipline is working.

Looking ahead, our focus for quarter 4 will be on sustaining healthy double-digit revenue growth, while expanding EBITDA margins further to our stated guidance of 4%. Thank you, everybody for joining this call.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of IIFL Capital Services Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

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