

Date: 15th November, 2024

To, The Manager-Listing Department, The National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G-Block, Bandra Kurla complex, Bandra East, Mumbai-400 051 Trading Symbol: DEVIT	To, The Secretary, BSE Limited Phiroze Jeebhoy Towers, Dalal Street Mumbai -400001 Trading Symbol: 543462
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Subject: Transcript of the Earning conference call of Q2FY25

Dear Sir/ Madam,

We are submitting herewith the transcript of the earnings conference call for the 2nd quarter ended September 30th, 2024, conducted on November 13, 2024.

The above information is also available on the website of company at <https://www.devitpl.com/investor-relations/investor-news-and-notice/announcements-to-stock-exchanges/>.

This is in due compliance of applicable regulations of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

Kindly take the same on your records.

Thanking You,

Yours Faithfully

For Dev Information Technology Limited

Krisa Shah
Company Secretary and Compliance Officer
Place: Ahmedabad

Encl.: as above



“Dev Information Technology Limited Q2 & H1 FY-25
Earnings Conference Call”

November 13, 2024



**MANAGEMENT: MR. JAIMIN SHAH – CEO & MANAGING DIRECTOR,
DEV INFORMATION TECHNOLOGY LIMITED**

MODERATOR: MS. CHANDNI CHANDE – KIRIN ADVISORS



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Moderator: Ladies and gentlemen good day and welcome to Dev Information Technology Limited Q2 FY25 results conference call hosted by Kirin Advisors.

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 touchtone phone. Please note that this conference call is being recorded. I now hand the conference over to Ms. Chandni Chande from Kirin Advisors. Thank you and over to you ma'am.

Chandni Chande: Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Dev Information Technology Limited.

From Management Team we have Mr. Jaimin Shah – CEO and Managing Director. Now I handover the call to Mr. Jaimin Shah. Over to you sir.

Jaimin Shah: Thank you Chandni and good afternoon and Happy Diwali to everyone. Thank you for joining us today for DEV IT's earning call for 2nd Quarter as well as first half year of FY25.

To begin with let me introduce give you brief introduction about DEV IT, DEV IT is a global end to end IT service company listed on both the platform NSE and BSE and we have been empowering business worldwide since 1997. We headquartered in Ahmedabad and we offer a full spectrum which is end to end IT services, including Cloud services, blockchain digital transformation, enterprise applications and managed IT services. We have also ventured out into creating our own intellectual property product in the name of Talligence which is AI-BI analytical platform tool for tele users and a ByteSigner, a cutting-edge digital signing solution. Over the year our growth has been driven by our dedication to innovation and a commitment to quality and a client centric approach. And we are recognized with certifications such as ISO 20000, ISO 27001, ISO 9001 and CMI Level 3.

Now let me discuss the financial highlights for the quarter ended September 30th 2024. As you all know that in almost all calls, we have been harping upon increasing more and more profitability, also increasing revenue from the services sector and that too from corporate side. So, to continue that focus in this quarter DEV IT achieved remarkable growth across both consolidated as well as standalone figures. Our consolidated income rose to 48.24 crores, up by 69.26% year-on-year. Standalone total income also grew significantly by 43.70% year-on-year and reaching of Rs. 43.84 crores.

We are also happy to report an impressive increase in EBITDA which is one of our focus area which surged by 329.64% on a consolidated basis to Rs. 11.23 crores which is reflecting a margin expansion of 1411 bps to 23.28%. Standalone EBITDA also grew by 351.02% to Rs. 11.56 crores with a margin of 26.36%, an increase of 1796 bps. Our profitability was equally



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robust and that is also have increased with consolidated PAT raising by around 390.66% year-on-year to Rs. 8.11 crores and standalone PAT also reached to Rs. 9.14 crores which is representing a remarkable 463.13% growth. This brings our PAT margin to 16.81% and 20.78% on a consolidated and standalone basis respectively, which is by over 1100 basis points in both the cases. Our significant achievement in this quarter further demonstrated our capabilities and strategic focus on enterprise as well as a corporate segment.

We secured key contracts from India Market as well as overseas market which includes Kaushal Darpan project of RajCOMP for portal integration across over 140 polytechnics and 1500 ITIs. Another major project with RajCOMP is the Rajkisan Sathi portal which is approximately 5 crores of the maintenance program for 13 odd applications. We are also pleased to announce a 5 year approximately 1 crores contract from Gujarat State Fertilizer and Chemical GSFC for managing their IT services which we managed since last so many years. So, this is a testament to our client relationship and service quality. Besides this we have also got really good remarkable contracts from corporates as well as overseas market where due to NDA we cannot disclose their names publicly.

In terms of industry recognition, we received the prestigious IT as a Service Award at the MSP India Summit 2024 organized by SME Channels Magazine. Another significant highlight was the launch of Single Window IT System which was developed by us for the GIT which they call it SWIT for **(Inaudible) 7.27** GIT and the said project was inaugurated by Hon. Prime Minister a couple of months ago. This entire system and various other systems, we have developed for our clients and this is how we also contribute ourselves for the national e-scaling initiatives.

We are also looking forward to aim to continue expanding our offering with a focus on emerging technologies including IoT, cybersecurity and AI. To continue that our one of the initiatives called Dev Labs where we are going to have AI center of excellence very soon. Our growth strategy also Includes depending on our presence which is physical presence in North America and exploring new markets to capture emerging opportunities. With our client centric approach, we are confident in our ability to drive efficiency and transformation for our clients while positioning DEV IT as a leader in IT service sector. Our subsidiary Dev Accelerator Limited which is called DevX, a prominent provider of managed office space is also coming out with their IP on the filed DRHP last month.

In summary Q2 of FY25 has been an exceptional quarter for us. We are encouraged by our strong financial results, continued client partnerships and the strategic projects which we are undertaking. This is the showcase of our philosophy called employee 'People first and business always.' As we move forward our team remains dedicated to deliver unparalleled value through innovation and deep understanding of our clients evolving their digital needs. We thank all our shareholders, partners and our clients for their trust and support. We are also excited to build to



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our achievements in the quarter ahead. So, thank you very much for your patient hearing. Now floor is open for the questions. Thank you.

Moderator: Thank you very much sir. We will now begin the question-and-answer session. Our first question is from line of Harsh Shah from Reera Holdings.

Harsh Shah: My first question is regarding the Dev Accelerator IPO. I believe that the IPO is coming at the same valuation at which we recently sold shares, 28 lakh shares at I think some Rs. 11.6 crores So just wanted to get an idea that are we not doing this IPO at relatively lower valuation, maybe somewhere around 175-170 crores because we were expecting a very high growth in this business? I just wanted to understand on that.

Jaimin Shah: I don't know whether I am allowed to speak about the valuation. So not aware about the technicality. But IPO is not coming at the same valuation which we diluted our stake share in September end. So, I don't know whether I can reveal those numbers or not. But numbers valuation numbers would be higher. Another thing, yes, you rightly said that the sector is really booming high and that is how DevX is also aiming to get a really good valuation. And they are also hoping that once they got the nod they will immediately come out in the primary market.

Harsh Shah: Because I was referring to the note to the accounts note #5 where we have mentioned that the company is divested 28 lakh shares for a consideration of 11.6 crores.

Jaimin Shah: Yes.

Harsh Shah: So that comes to around Rs. 40.5 per share and then.

Jaimin Shah: The valuation was 270 crores. So, the valuation of 270 crores of the DevX and accordingly.

Harsh Shah: I'm sorry so this 28.7 lakh shares it's how much percentage of the company Dev Accelerator?

Jaimin Shah: I don't know about the percentage of the company might be around 2% or 2.25%, not more than that.

Harsh Shah: In last 6 to 8 months since FY24 we have devastated almost 6% to 7% stake in Dev Accelerator, is that right?

Jaimin Shah: No. DEV IT has divested, are you talking about DEV IT or are you talking about DevX?

Harsh Shah: DEV IT stake in DevX?

Jaimin Shah: No, we have diluted that stake 2 years back.



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Harsh Shah: Because in your FY24's annual report, you have mentioned that as of 31st March 2024 DEV IT holds 28.45% stake in Dev Accelerator.

Jaimin Shah: Yes.

Harsh Shah: And now as per this latest filing the stake stands at 21.9%. Have we done any fundraising in this company?

Jaimin Shah: So DevX has raised a fundraising in the Dev company.

Harsh Shah: And the next question is regarding the acquisition that LT1 Inc. had done. It's been almost 1-1.5 years since the acquisition was done. So just wanted to understand what kind of synergistic benefit has our company derived from this acquisition. Because I believe LT1 Inc. has got good chunk of business in the United States. And we were expecting that them buying stake in DEV IT would open up a lot of opportunity for us. I just wanted to understand on that side.

Jaimin Shah: Yes. So that's what LT1 we already received a couple of orders but the stake remained 3.8%, as of now they could not able to acquire a promoter stakes due to their internal arrangement with the financial institution. So, they are just holding 3.8% stake in the DEV IT. So not that kind of substantial stake in the DEV IT. And also, we have received order from LT1 in last financial year.

Harsh Shah: And is promoter looking to pair their stake to LT1 because back in the day I think there were some discussions about share purchase agreement where the existing promoter might sell some stake to LT1? So, is that discussion still going on?

Jaimin Shah: So that is what I discussed that that share purchase agreement got expired which we as a promoter and LT1 signed.

Harsh Shah: And there are no talks of renewing this decision again?

Jaimin Shah: There are no talks of renewing anything further.

Jaimin Shah: And on bookkeeping side so we did consolidated revenue of around 36 crores this quarter. If we exclude the other income what would be the mix between government orders and private?

Jaimin Shah: Government order is around 51% and private is around 49%.

Harsh Shah: And going ahead, so taking FY24 as a base the previous discussion was that we will be keeping the government business as it was as it stood in FY24 and gave up and you double the private business from the private clients. So, any update on that?



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Jaimin Shah: So that is what we are working towards it. And if you compare our last year's number with current year, government business has not been increased. It's rather decreased by a few percentages. So still, we are continuing with the same thought process that will increase our private sector business and government sector business will continue as it is. But if at all some good business comes then we cannot deny that good business from government. So, it depends upon case-to-case basis where we as a management and our operation team feels that some of the government projects are really worth taking and really giving good value to our service delivery as well as profitability then we'll definitely pick up those orders.

Harsh Shah: Excluding the other income our EBITDA this quarter was (- 1) crores compared to 5.8 crores in Q1 FY25. So just wanted to get an idea what led to the sharp decline in the operating EBITDA if we exclude the other income?

Jaimin Shah: This is regarding because we have substantially—if you recall my last investor call that not last but almost all last 2 or 3 calls we wanted—to invest more into manpower and also acquiring a company where they have really good leadership team as well as they have IP. So, in last three months we have significantly invested into building our AI and BI capabilities as well as Microsoft enterprise capabilities. So that in next two quarters we can really work and close those high value and high profit business from corporate as well as overseas market.

Harsh Shah: Because in this quarter I can also see Rs. 12 crores of cost of goods sold. If I look at the COGS line item it is around 12 crores. It is much higher than 6 crores which was there in Q1. So, what is that COGS regarding?

Jaimin Shah: So, this is regarding our products which we sell it in the market like ByteSigner, like Talligence and Microsoft licenses.

Harsh Shah: So, you're trying to say that you have purchased these software products which will be sold in later years later quarters?

Jaimin Shah: Exactly.

Harsh Shah: It would be really helpful if you can come out with presentations every quarter mentioning data like, share from private and government how is DevX performing and few such data points. This would be really helpful for us.

Jaimin Shah: Certain we'll share it with you. It is already there. We'll share it with you.

Harsh Shah: And the last question, if we look at as we stand today our H1 we did revenue of almost 71 crores on consol basis and EBITDA 4-4.5 crores if you exclude the other income. So, in terms of guidance what would be your 2 year guidance in terms of revenue and margin for DEV IT?



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We're not talking about the Dev Accelerator but only for DEV IT, what kind of performance are we expecting?

Jaimin Shah: That is what I have also shared in last call as well, that this year we are expecting around 180 to 190 crores revenue with PAT from 15 to 18 crores and next year we are expecting more than 200 crores and PAT is more than 20 crores.

Harsh Shah: So, this year PAT you are including the 11 crores gains from DEV IT or excluding that?

Jaimin Shah: Yes, all including.

Harsh Shah: So, if you exclude that then we'll be somewhere around 10 to 11 crores.

Jaimin Shah: Exactly.

Harsh Shah: For this year and next year we are expecting 200 crores revenue and 10% to 12% margin.

Jaimin Shah: Exactly.

Moderator: Our next question is from line of Abhay Yadav from GC Capital Partners.

Abhay Yadav: First question is what steps has DEV IT taken to achieve such impressive growth in PAT margin from 5.8% to 16.8%?

Jaimin Shah: So, a couple of things, we have decreased our less margin resources and business to higher margin resources and business. So, if I go very precise that we are focusing more on AI-BI and Microsoft Enterprise and managed IT solutions. So, in last 3 to 4 months due to NDA I cannot able to share those client's name. But really, we have a good corporate and that too India's one of the biggest corporate clients in AI-BI side. So, our main focus is to increase those business units so that we can increase our profitability as well as we can have longer contracts in place.

Abhay Yadav: My next question is as the EBITDA margins have increased significantly, especially in the standalone business. Could you share the key operation efficiencies or cost control measures that help achieve this?

Jaimin Shah: So, a couple of things which I discussed earlier as well. That we have decreased our bench resources as well as we have replaced traditional technology resources with latest technology resources. And that too AI and BI and Microsoft Enterprise side. And that is how our acquisition of Dhyey Consultancy is giving us more benefit. And that will give again more benefit in coming next two or three quarters. Because we are right now investing more into good quality resources into AI-BI then managed IT services and Microsoft Enterprise services.



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Abhay Yadav: My next question is can you provide a breakdown of revenue growth in Q2 F25 by geography and industry verticals?

Jaimin Shah: So as far as geography is concerned and vertical is concerned, as I told earlier to Harsh that government which is pure e-gov projects which comprise of 51%, so that is purely India market and only for government markets. And remaining 49% is corporate and overseas market. So out of the 49%, 30% is our overseas business and remaining 19% to 20% is India corporate market.

Moderator: Our next question is from line of Navneet Singh, who's an individual investor.

Navneet Singh: Actually, I am interested in knowing about the guidance on the two product items we have that is Talligence and ByteSigner. So, what is their guidance for next quarter and how we see going forward any new intellectual property we are coming with or not?

Jaimin Shah: So, as we all know that IT services companies, they are purely into service sector and providing services to overseas plants as well as India market clients. We ventured out and we decided that we should also have our intellectual property product and for India market and for the partner community. So, after all the studies and everything we invested into two products because we have really good market penetration into these two-product side. One is a ByteSigner. ByteSigner is the outcome of one of our service deliveries for digital signature provider. If you all recollect that a few years ago and now everyone should have a digital signature. But when Indian Government started digital signature, we were one of the early entrants and we were one of the leading distributors for digital signature. And that is how we had a really good customer base as well as partner base. And by signing those signatures, we realized that clients are having issues signing digital signature for bulk documents. So, for all the pages they have to sign individually. So, we came out with a ByteSigner where client can select those number of pages and can sign digital signature in the one go. So, this is the purpose of digital signature which is a very low-cost product and where we are approaching more and more quantum of the customer. Another one is Talligence which is also outcome of our partner base across India because of the digital signature and because of our Microsoft Enterprise license business. As we all know that India has a huge clientele of tele accounting software, around (+4) million users are there and they hardly have really good AI-BI and dashboards on tally accounting software. So, we came out with a product called Talligence which is AI-BI engine which works on tele accounting software and provides you really out of the box dashboards and API related dashboards on your mobile as well as on your desktop. So, it's really very comprehensive product where right now we are channel partners across India and we are really getting a good response. So, within a year or so we are expecting that Talligence will give us really good clientele as well as really good mileage and profitability in our IP business.

Navneet Singh: One follow up question on that. So, what is a revenue contribution from Talligence and ByteSigner in Q2 and what will be our forecast on these two products?



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Jaimin Shah: So, revenue consolidation right now is very insignificant, I can say it's not a huge one. Right now, we are building the product as well as building channel partner ecosystem and doing lots of digital and media marketing. So, our idea and our forecast is around 2 to 3 crores of revenue from Talligence from next year and then after 5 to 10 crores of revenue and this is an annuity based product. So, year-on-year the same number will continue with increased increment in the revenue.

Navneet Singh: Is there any other product IP that we are working internally?

Jaimin Shah: We have already worked towards a few products and those products are purely on Microsoft Enterprise solution which is Microsoft ERP called Microsoft Dynamics F&O and Business Center where we have developed around 22 odd solutions and those solutions are already on Microsoft marketplace and few partners, they are already using those solutions and when they deploy Microsoft Enterprise into their client area. So those 22 odd the solutions they are basically developed by Dhyey Consultancy Private Limited which we acquired 100% recently.

Navneet Singh: So, do we have any revenue forecast for this financial year or next financial year on those 22 products that we have on Microsoft balance?

Jaimin Shah: Yes, that we are working on it. And by end of December, we'll come out with the exact numbers. We are waiting for one approval from Microsoft side that we have already shown our interest to have AI center of Excellence in Ahmedabad. So, we are waiting for their approval. So as soon as we get that approval, we'll come out with our plans and as well as the numbers.

Moderator: Our next question is from line of Tara Kaur from DY Capital.

Tara Kaur: My question was that what is the top 10 client contribution?

Jaimin Shah: Top 10 client contribution is around 28% of our total revenue. But if I include top 10 clients and just one state government means Gujarat government or government of Rajasthan and central government, then that comprise of around 40%.

Tara Kaur: And how many new clients we have added in H1 FY25?

Jaimin Shah: So that I have to come out with exact number. If you can allow me to get that number in a day time, will it be? Will it be okay?

Tara Kaur: Sure. My question is that how is our working capital in these like how is our working capital cycle? That is what I'm trying to ask.

Jaimin Shah: So, working capital because we are now investing more into newer technology as well as newer geography. So, our working capital requirement is really high as compared to what we have done



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so far in last 5 to 10 years. So, we are expecting around 7,200 crores of working capital because of acquiring couple of companies as well as having our own physical presence in North American market where we want to have our own AI-BI capable people at client place as well as in North America.

- Moderator:** Our next question is from line of Raj from Arjav Partners.
- Raj:** I just skipped a part on the growth part. How much sales are we expecting in FY25 and in FY26?
- Jaimin Shah:** So as I told earlier that this year we are expecting around 170-180 crores of revenue in FY25 and more than 200 crores in FY26.
- Raj:** How much would be our EBITDA and PAT?
- Jaimin Shah:** So, PAT this year we are expecting 15 to 18 crores and next year more than 20 crores.
- Raj:** And how much is our current order book?
- Jaimin Shah:** Our current order book is around 45% of the total revenue.
- Raj:** So can we expect around 70-80 crores is the order book exactly.
- Jaimin Shah:** Exactly.
- Moderator:** Our next question is from line of Mahesh Sheth from who's an individual investor.
- Mahesh Sheth:** Can you share some insight into our repeat business rate and any strategies we are implementing to enhance our client retention?
- Jaimin Shah:** Are you talking about client retention or are you talking about client rating?
- Mahesh Sheth:** Retention.
- Jaimin Shah:** So, our client retention is more than 90% and that is one of the strengths and that is how our philosophy is all about that 'people first and business always'. And so majority of clients they are there with us from so many years and same goes with our employees.
- Mahesh Sheth:** And as you said earlier our revenue outlook for FY25 is around 170 crores.
- Jaimin Shah:** Yes 170 to 180 crores.
- Mahesh Sheth:** So, can you just let me know the factors which can influence this forecast?



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Jaimin Shah: So, there are a couple of factors which include our forecast. One is definitely our India market business where we know that how many new projects are going to come. Second one is our order book and third one once we see elections over in USA. Now many enquiries have started but due to their yearend we are expecting that more and more business will happen in first quarter of next year.

Moderator: Thank you. Ladies and gentlemen, that was our last question for today. I would now like to end the conference over to Ms. Chandni for closing comments.

Chandni Chande: Thank you everyone. If you have any queries you can write to us at research@kirinadvisors.com. Once again thank you for joining us.

Jaimin Shah: Thank you.

Moderator: Thank you. On behalf of Kirin Advisors, that concludes this conference. We thank you for joining us and you may now disconnect your lines.