

To

The General Manager, Listing Department, BSE Limited, 1 st Floor, New Trading Wing, Rotunda Building, P.J. Towers, Dalal Street Fort, Mumbai-400001	The Manager, Listing Department, National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400051
Scrip Code: 519602	Scrip Code: KELLTONTEC

Dear Sir/Madam,

Subject: Submission of Transcript of the Earning Conference Call

With reference to our communication regarding the Schedule of the Earnings Conference Call and in compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit a copy of the transcript of the Earnings Conference Call held on Friday, February 14, 2025.

The same is also available at the website of the Company at <https://www.kellton.com/investor-call-transcript>

Kindly consider this for your information and records.

**Thanking You,
Yours faithfully,**

For Kellton Tech Solutions Limited

**Rahul Jain
Company Secretary and Compliance Officer
Date: February 19, 2025
Place: Hyderabad**

Kellton Tech Solutions Limited
Q3 & 9M FY25 Earnings Conference Call
February 14, 2024

Moderator: Good day and welcome to the Kellton Tech Solutions Limited Q3 and Nine Months FY25 Earnings Conference Call.

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 “*” then “0” on your touchtone phone. I would like to thank all for participating in the Company's Earnings Call for the Third Quarter of the Financial Year 2025.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's concall may be forward-looking in nature and such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on the management's beliefs as well as assumptions made from the information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now, I would like to introduce you to the Management participating with us in today's earnings call. We have with us Mr. Niranjana Chintam – Chairman and Whole-Time Director, Mr. Karanjit Singh – Chief Executive Officer (India), and Mr. Srinivas Potluri – Chief Executive officer (US).

Thank you and over to you Mr. Niranjana Chintam sir.

Niranjana Chintam: Thank you. Good evening, good morning wherever you are, thank you for joining our Q3 Earnings Call. I apologize in advance, I have a slight throat issue. I might be clearing my throat or coughing, so please bear with me.

We will start off with the financial numbers and then we will take the operational highlights.

The revenue numbers were around 279 crores for this quarter, which is a close to about 13.7% year-on-year increase and 3% quarter-on-quarter. Wanted to again reiterate that, this third quarter typically is not a great quarter because of the US holidays and the number of

billable hours that are available there. Hence, it's always been a slightly lower growth that we normally have and which is in line with this quarter also.

The EBITDA was around 34.4 crores and the net profit is close to 21 crores. The EBITDA margin is around 12.3%, the PAT margin of 7.5%, the EPS that we have announced is 2.2 for this quarter. Now, comparing that with the nine months, the nine month number is around 812 crores, with the 99.5 crores as EBITDA and a net profit of 60.5 crores. EBITDA margin is around 12.2% with a PAT margin of 7.4% for the nine months and the EPS of 6.3 for the nine months up to date.

Now, I want to hand it off to Karnjit to talk about operational highlights and customer wins that we had this quarter. Karnjit.

Karnjit Singh:

Thank you Niranjana and hello everyone. So let me speak about the client's wins first and then I will talk about the operational highlights. So this quarter, we have had three significant client wins, just to give a little bit of a color on those three. So there is one where we are basically working, we are working with the client to revolutionize and build an advanced intelligence platform that enables them to seamlessly track funding and geospatial insights and marry that with their operational workflows. So this really is a cutting edge digital transformation project, which is targeted to deliver efficiency and precision in the sustainable landscape management space that they are in. We have also worked with another large customer to redefine the digital ecosystem, and we are helping them to build a cutting edge, finops driven approach that will help them elevate automation, scalability and operational intelligence. And the third one that we are working with is a large power group where we are basically engineering an advanced AI powered solution that helps them revolutionize their whole end-to-end coal tracking from the mines all the way to the actual power station. Today, it's a very manual system, so this will help them eliminate all these manual inefficiencies, and will really lead to real business efficiencies for them, and also give them real time, precise data. And of course, this solution will integrate, it's automated and it will integrate with their enterprise systems and the logistics systems and help them enhance their quality control and build on their operational efficiencies. So those are the clients that we acquired.

Turning to the operational highlights. So the first one in this quarter that was significant was the successful implementation of a SAP HANA system, which is helping them drive seamless business integration and operational efficiency across 21 countries. This is done for a global leader that provides high performance computing and AI infrastructure. So this is a roll out across the 21 countries. The other one that is significant on the digital side, we have helped a customer launch their OTT content management system for their global. This is a global platform that serves about 33 million users worldwide, and so they just went live with it. And in fact, this has been recognized by MongoDB as a standout use case for revolutionizing efficiency and scalability. So that's another one. The third one is about Forbes spotlighted campaign for the work that it is doing with the United Nations body, and we have recognized

our role in streamlining financial aid being delivered through advanced digital solutions. So, those are some of the things that were significant that I thought I should mention. Niranjan, over to you.

Niranjan Chintam: Okay, thank you Karnjit. Let's open up the queue for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*" and "1" on the touchstone telephone. If you wish to remove yourself from the question queue, you may press "*" and "2". Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants, you may press "*" and "1" to ask a question now. Anyone who wishes to ask a question, may please press "*" and "1". Ladies and gentlemen, you may press "*" and "1" to ask a question. Ladies and gentlemen, to ask a question, please press "*" and "1" now. The first question is from the line of Elesh Gopani from Gopani Securities Investment. Please go ahead.

Elesh Gopani: Good evening everybody. Thank you for giving me an opportunity to ask the question. Can you please give the outlook for the next two, three years and what are the growth prospects for the company, and what can be the normal EBITDA margin in this, of the revenues that we see, and what is the net debt position at present?

Niranjan Chintam: Sure. So let me just answer the question on the margins part of it first. See our goal is to get to 17% within the next two years. That's the target that we are setting ourselves internally, to achieve a 17% EBITDA margin that we want to achieve and today we are around 12.5%. That's an aggressive goal that we set for ourselves. We are able to do a lot of efficiencies within the system that we are able to leverage. Now the AI is giving us a little bit of, not a little bit, it's giving us a productivity increase that we are able to leverage using the AI tool. To answer your question on the top line. See, our target has been and we have been doing near term, short term and long term. I will just talk about the near term, short term only at this point. Our target is the 200 million that we want to achieve in the next two years, is where the target that we have setup. And, the path that we are taking we should be able to achieve that. Talking about the debt, I'll get the numbers, I'll pull it up and get the number back to you. But again, there will be some slight fluctuations there and the working capital will go up, whereas the long term debt is going to be lower. So based on where we are within the cycle of our usage of funds it varies from month-to-month based on the working capital. But I will get back to you with the answer once I get that feedback from my finance team.

Elesh Gopani: One more question. We are going to raise QIP or some raising of funds, what is the position in this regard?

Niranjan Chintam: So there are two fundraisers going on now. One is promoters, and management is taking around via a preferential route. That is one that is going on, the second one is the FCCB route.

Today, we are in the fag-end of the process. It's a long, drawn out process, not just limiting to what approvals we need from the SEBI, MSE, BSE, it is also the banking requirements because there is a foreign currency involved. So all that route, because it's coming from outside the country, there are agencies and agents that we need to hire. So all that process, we are pretty much very close to the fag end of it. I am thinking like one week, maybe max two weeks is when we will be able to close the FCCP round and similar timelines for the preferential bonds too, because there are a lot of questions back and forth from the NSE, BSE we are answering those by. So, the idea is before March ends all the money would come in that we have set our target too and I am talking about the whole process. We are hoping that it's going to be sooner within this February itself, but I am giving an outside chance in case of procedural delays, the investors are ready to invest the money. It's just a matter of getting this procedural part taking care also that the money is sitting in our bank.

Elesh Gopani:

Thank you sir.

Niranjan Chintam:

Thank you for your question. Next question, please.

Moderator:

Thank you. Participants who wishes to ask a question may press “*” and “1”. The next question is from the line of Redapa Gunluru from Motilal Oswal Financial Services. Please go ahead.

Redapa Gunluru:

Yes, my voice is audible?

Niranjan Chintam:

Yes, you are good.

Redapa Gunluru:

Thank you. Good evening, sir. I have a couple of questions.

Niranjan Chintam:

Please go ahead.

Redapa Gunluru:

About financial services growth. What are the key drivers behind the company's revenue growth, Q3 for financial 25?

Niranjan Chintam:

Okay, so Redapa can you mute yourself, because there is a lot of background noise coming in. Thank you.

Redapa Gunluru:

I am going to my cabin sir..

Niranjan Chintam:

Okay. So to answer your question, there are other growth areas. We are targeting growth in the AI and AI enabled services. That is one area of target that we are going after, and we are seeing a lot of traction in that. And also, the second thing that we have been doing is we are doing a lot of account mining, so I have given a target to our senior management team that we need to start getting more revenue from existing customers. It's not the number of customers, it is the amount of revenue we are able to get, or increase the revenue that we are

getting from the existing customers. So those are the two key growth areas that we have when it comes to the customers. And also we have some partnerships that we are building and working with, that is in some of it we are deeply involved already. Some of it we are making forays into. There are again, a lot of cross over stuff that happens, these kinds of large partnerships, that we tie up with. Hence, they might take a little bit longer to see some revenues, but we are in there, actively engaged with the partnership thing of these large entities, and we should be able to start seeing traction going forward. Thank you, Redapa, next question please.

Redapa Gunluru: Margin expansion about, can you please elaborate on the factors contributing to the company margins expansion in Q3 2025 and what initiatives are being taken to sustain this growth and also another question sir, growth strategy. So what are the general strategies prioritized for the next quarter, and how do you plan to achieve them?

Niranjan Chintam: Okay, Redapa there is too much of the voice cracking it. Excuse me, so can you mute yourself again please and I will answer your question just that, it's a little bit not clear, but I will answer that. Okay, so the margin improvement is primarily driven by efficiencies that we are able to squeeze out of the system itself, we found some inefficiencies, and we squeezed that out. The second thing that I told you earlier also is, we are able to get more performance improvement using some of these AI tools that we are actively using in our day-to-day outrange. Those are the two reasons why we are getting a lot of traction, and also improvement in March. Thank you for your question. Next question, please.

Moderator: Thank you. The next question is from the line of Gaurav Shah from Harshad Gandhi Securities. Please go ahead.

Gaurav Shah: Thanks for the opportunity. Sir my question is on the US market, can you please provide some color on the traction you are seeing in the US after the Trump government coming in, and are you seeing, are you getting any more inquiries from the US clients, that's all thanks.

Niranjan Chintam: Okay, I will give a little bit of color on that, and I will let the CEO from the US answer the question. So there is a lot of noise around this Trump Tariff, and what is impacting us. We don't believe there is going to be any impact from our case, when it comes to the IT sector. So from our strategy we don't have to change anything. Talking about what it is that Trump is doing that it's going to add or reduce, I'll let Srinu answer the question. Srinu, can you take this?

Srinivasan Potluri: Sure. Thank you, Niranjan. Yes, so basically like Niranjan said, whatever Trump is doing in the first three weeks or so in the office has mostly been tariffs and so on, which have an impact on actual manufacturing and pricing. But from a services side, there is no impact so far there is no focus on services except, the outlook is that there will be deregulation, specifically on the AI side and the cloud side and so on and so forth. Which will improve IT services business

in the US. Have any of our customers made any changes? As of now there are no changes; they are continuing as they are. It's too early to say, there is speculation with respect to what might happen, but from a perspective of our customers changing course or doing something different, we don't see that happening. On the government side obviously, in the US there is going to be deregulation and open competition is going to be projected. So we might see, we might see a lot more potential or possibilities, working with the government sector in the open competition space. Thank you, Niranjan, or anything else?

Niranjan Chintam: No, thank you. Srin.

Gaurav Shah: Sir, my second question was, with respect to our contract with the LIC, so what's the traction on that, are we getting recovery from the government?

Niranjan Chintam: See, the government is always going to be direct payments, it's a milestone payment. We did get some payment in a way or once we met the milestone, the next milestone is probably within the next three months we should get a large chunk of the money coming in. So it's an ongoing process. So also this is a little bit slightly skewed, right, initially the amount of money we get is low, and as we get on with my multiple year contract it's a seven year contract, as you get the yearly payments will increase our outflow initially when it comes to our investment is higher from a cash flow perspective, but we recoup that probably within three years.

Gaurav Shah: Okay. So what's the current outstanding as of now?

Niranjan Chintam: Outstanding for what LIC, there is no outstanding. We have not met the milestone and there is nothing outstanding.

Gaurav Shah: Okay. So whatever we have built till now we have got the payment, right?

Niranjan Chintam: Yes, whatever milestone we met, yes, we have got the payments.

Gaurav Shah: Okay. Is the next milestone going to be in the next three or four months?

Niranjan Chintam: That's correct, yes.

Gaurav Shah: Okay, thanks a lot. All the best.

Moderator: Thank you. The next question is from the line of Amita Gesha from HG Hawa. Please go ahead.

Amita Gesha: Yes, am I audible?

Niranjan Chintam: Yes, you are.

Amita Gesha: Thanks for the opportunity and congratulations first of all the whole team achieving a milestone of +1000 revenue in PTM.

Niranjan Chintam: Thank you.

Amita Gesha: And sir my question was connected to like, how does the company form larger IT service norms?

Niranjan Chintam: So, I will let Karnjit answer that, he has got a few lines that he loves to use, I'll answer let the two operational people answer that right. See, from a larger company perspective, the nimbleness is not there, they are much more aggressive, we are a little bit more accommodative when it comes to some of these small, granular differences in contracts, and we are able to do that. Sometimes it also happens that the larger IT companies are unable to provide the services, and the customers have called us basically and said, hi I am not going to name these large companies are unable to provide. They failed in their delivery. Can you now recover from it and we have done that successfully. I am talking about the enterprises in the government sector also, they get.... Karnjit can you add more color to this please.

Karnjit Singh: Yes, sure. So kind of, as Niranjan said at a high level, that is what it is, even as a company, even the roots of the company, we started off from a very different routes we like to call ourselves as the born digital IT services company, because the traditional IT was already taken. That's where we started and we have a very strong heritage in product engineering, and we have worked with leading, startups or which are today global companies as well as large enterprises. So, that's kind of what differentiates us, as Niranjan said, Yes, we are not saying larger companies do not deliver projects they do. But there are some things which have to be done at a certain speed, done in a more agile way, in a nimble way, and that is where our differentiation lies. So we have so many case studies that we get going and talking to customers, it kind of shows. In fact, one of the things that I mentioned today, which is the large OTT the 33 million user OTT that went live. In fact, we have built a completely cloud native platform and moved them away from a platform built by one of the big four, and they actually considered one of the big IT companies is already there, but for this work, they have come back to us. So that's kind of what our differentiation is. And by the way, that's what would be expected of a smaller company, which will kind of do it faster. We will do it agile, of course we are not that large so we do, they are very flexible and we accommodate a lot of requests that we get from customers, which they will not, let's say have that flexibility with also larger companies.

Amita Gesha: That was very helpful sir. Another question was connected to the employees, like what is the total number of employee count that we have, and how does the company plan to retain and attract talent as far as AI and all these things are concerned?

Niranjan Chintam: There are two scopes of thoughts there, to increase the employee base or not to increase their employee base using these AI tools, because a lot of efficiency has come. Wait and watch more and exactly what happens, with too many what you call the rumor intelligence going on. There are actual case studies out there that talk about the reduced need of these IT employees, while you use some of these tools to do some of the work. To answer your question we are around 1600 employees globally, and that is where we have been constant around that time. And are we looking to hire people, absolutely we are looking to hire people. And your question is related to how we are able to attract everything. Our one way is giving them challenging work. You would be surprised that some of the people that we bring on board from this large IT company, they are used to one or two projects, whereas when they come to our system, they are doing multiple projects which are but most cutting edge, and those employees were doing part of the project whereas here they get to do the whole end-to-end kind of a solution, and also the aggressiveness that we provide that they have not seen. So all those differentiators there and lastly, we also give stock options to both our long term employees that have been with the company as well as to attract new talent that we believe is needed for the growth of the company. Thank you.

Amita Gesha: May I ask one more question, sir.

Niranjan Chintam: Please go ahead.

Amita Gesha: Sir, are there any plans to enter into new geographies?

Niranjan Chintam: No, at this point no. I was corrected by the number of employees; it's actually 1750, little over 1750. We don't want to enter new geographies, we already have enough geographies that we have, there are some challenges with some of the geographies that we are facing, and we have been addressing that, but at this point, no. To answer your questions, no, but we will project some other geographies as an inbound or as an outbound, but not open up offices in those countries.

Amita Gesha: Thank you for all the explanation and all the best for the future sir.

Niranjan Chintam: Thank you. Next question, please.

Moderator: Thank you. That was the last question for today. I now hand the conference over to Mr. Niranjan Chintam for closing comments.

Niranjan Chintam: Thank you everyone for joining our Q3 earnings call. I appreciate you showing faith in ourselves as a team and as a company. Looking forward to more interactions with you as we move on, as you are going to take part in our growth trajectory. Thank you everyone, have a nice day.

Moderator:

Thank you. On behalf of Kellton Tech Solutions Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.