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**To**

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**Subject:** Transcripts of Q1'FY25 Earnings Conference Call dated July 23, 2024.

Ref: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**BSE Scrip Code: 543599; NSE Symbol; KSOLVES; ISIN: INE0D6I01015**

Dear Sir/Madam

Pursuant to the abovementioned Regulation, please find enclosed herewith the transcripts of the Q1'FY25 Earnings Conference Call dated July 23, 2024.

You may also find the transcripts on company's website at <https://www.ksolves.com/investors>

This is for your information and records.

**For Ksolves India Limited**

**Manisha Kide**  
**Company Secretary & Compliance Officer**

Ksolves India Limited (KSOLVES)  
Q1FY25 Post Earnings Conference Call  
July 23, 2024 03:00 PM IST



**KSOLVES INDIA LIMITED**

**Q1FY25**

**POST EARNINGS CONFERENCE CALL**

July 23, 2024 03:00 PM IST

**Management Team**

Mr. Ratan Srivastava - Chairman & Managing Director

Mr. Manish Gurnani - Chief Technology Officer

Mr. Umang Soni - Chief Financial Officer

**Call Coordinator**



Strategy & Investor Relations Consulting

## Presentation

### **Vinay Pandit:**

Ladies and gentlemen, I welcome you all to the Q1 FY '25 Post Earnings Conference Call of Ksolves India Limited. Today on the call from the management we have with us Mr. Ratan Srivastava, Chairman and Managing Director; Mr. Manish Gurnani, Chief Technology Officer; and Mr. Umang Soni, Chief Financial Officer.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risks and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to quickly run us through the presentation, giving us a brief about the business and the performance highlights for the quarter, the growth plan, and the vision for the coming year, post which we will open the floor for Q&A.

Over to the management team. Ratanji or Umang, would you like to begin?

### **Ratan Srivastava:**

Yes, Vinayji. Thank you. Good afternoon, everyone. I hope this message finds each of you well. It's a privilege to connect with all of you today on this conference call. I want to extend a warm welcome to each participant. During today's meeting, we will cover important updates on our financial performance, key milestones, and strategic initiatives. It's also an opportunity for everyone to ask questions, provide feedback, and ensure that we are aligned in our vision and objectives.

So this is company overview, Ksolves India Limited. We have completed 12 years, 520 employees now. We are into 30+ countries, 150+ happy clients, small and medium size and big few of them, 82% revenue generated by the repeat customers. Top five customer contribution is 38% in revenue. Quarter one for year '25 revenue growth is 33% and PAT is 18% year-on-year.

Milestone, we have achieved ₹100+ crore revenue in for year '24. And I think in the last quarter, we have achieved this milestone. CAGR is sales 81%, net profit 166%. Latest initiatives and achievements, we are Salesforce Summit Partner, launched new Centre of Excellence focusing on AI/ML, managing hyper revenue growth plan, participating in international and domestic events, certifications in big data and AI/ML. We have this year achieved 10 certifications in Cloudera certifications for Cassandra, which is you can say that a milestone

because at our level, I don't think I don't see that companies have this kind of certifications on this number. 10 peoples are certified now.

And yes, next. Our business generation strategies are a strategic partnership. We are doing partnership with the RedHat. We are doing partnership with AWS. We are doing partnership with the Google, Google Cloud, and we are doing few more partnership in domestic and international level, so that we can get some good projects from them.

Visibility through global events, we have participated in Dubai, in this quarter for AI/ML events. We have attended that event as a speaker means our CTO, Manish Gurnani is spoke in that event about the AI/ML and our achievement. And we had a booth also where we got a chance to interact with so many people. Few of them are still in talk with our sales team to generate some good work, good projects, service work.

Content marketing, we are using now AI/ML for content marketing, and we are also getting more and more client referrals and testimonials, and it is helping us to generate more and more business.

Technology offerings, we are offering AI/ML salesforce, enterprise technology, application development, big data, DevOps, and products. New technology, what we have included new technology Kafka, RabbitMQ, Databricks. Databricks is something which is completely new, and Snowflake, Hive and Redpanda, these are the few technologies which we have included in this quarter. And we are getting few requirements from the customer. These technologies are in high demand, and I think that at our level, I do not see other companies are offering these technologies.

Now I will give you few details about the products which we have developed or which we are developing in this quarter. Ksolves Gen AI industry agnostic product knowledge management system. In this product, we are using Gen AI and with the help of Gen AI we are trying to develop some models, and we are trying to train those models to generate knowledge-based system.

For example, I can give you a simple example. For example, in our Ksolves if you will log to our website and if you will try to chat with our support, suppose if you're asking for any cases studies or any blocks or any information, then Gen AI will revert back to you with the proper answer with the options. So this product we are developing for Ksolves and it will help us to generate leads. Next.

We are developing a NiFi product. NiFi is a part of the big data, and we have one already beta customer and that customer is testing this product. They have deployed their test engineers to test it and I'm adding this if it will be successful, then they will go for this application, and this will be a big achievement of Ksolves because finding a beta customer is the toughest part of any product.

Right now, we have a beta customer, only thing is that we need to build this product according to their requirements. And the target date to complete this product is in the next two months. And after that we will get to know the actual result that what the beta customer is saying. Next.

In this quarter we have developed two new Salesforce apps, Rollup Magic and another app name is the GAC, which is in the next slides. And I think Umang can you go to the next slide, this is two? Okay, so these are the two new Salesforce app, which we have developed in the last quarter. Google Analytics Connector the short name of this app is GAC, and the other one is the Roller Magic. So Salesforce itself is very excited about these apps because these apps are kind of an unique app, which is going to help customers to save a lot of money and lot of time also.

Our idea is that as you know that in September end, we are going to attend Salesforce event in San Francisco. We are going to have their booth, and at that booth we are going to introduce these apps to the customers who will be there. And we will try to interact as much as in leads, so that we can explain them. These apps will help us to generate more and more business. Next.

Now from here I will hand over this meeting to Manish. He will explain you that how this Gen AI is helping us, and how this Gen AI help us to create a product for our customers. Manish over to you.

**Manish Gurnani:**

Great. Thank you. Hello everyone. Good morning. Before we start this, Umang can you go back to that earlier slide for KMS? I just want to give a very small brief about technical capabilities also, right? Yes. So this is one of our very, I would say interesting product that we have developed on Gen AI. It allows organizations to develop and deploy their own custom ChatGPTs, examples within any department. So this has tremendous potential. We are betting big on it. We are giving our best. This is a very unique solution that is coming from Ksolves kitty.

It will allow, for example very good customer agent experience. The customer agent can get automated as well as improved responses when dealing with any customer client call, right? Just an example of this. This can be done using on premise deployment or in different Open AI. Lot of customers have a challenge that they do not want to use Open AI, because you have to share your data outside your organization. With this solution, you can keep all of data within your own premises and still run your own ChatGPTs. Your local LLMs, what we call. So this is one of the very key benefits of this product. Next slide please.

This is another major product that, like Ratan mentioned right, that we are doing at the beta with the customer. This will be very unique in the way that the open source NiFi does not have capability of deploying the solutions from one environment to another. So with this product some of those key challenges will be fixed. And if this goes well, this will again be a very nice product for Ksolves. This is entirely custom developed by Ksolves, and it allows deployment within customer premises or on cloud also. So there's no issue of any data security or, it keeps all of those compliances also in check.

A rollup magic and the other GAC connector, these are two Salesforce apps. We have got good feedback from Salesforce as well as some of our Salesforce leads. So this GAC what we call, right? This allows analytics from your Salesforce to be pushed to Google Analytics. Now Google Analytics is the number one source for capturing all the user journey on any application. Salesforce does not have a direct connection to push data to Google Analytics. These connectors allow you to do that seamlessly. It's a very nice solution, very simple to integrate and Salesforce, those customers who are using Salesforce find it very useful. So we are hoping that this will also help us get a good entry into this. Next slide, please.

So this case study, this is about leveraging Gen AI for a client who is into products for university. So they have a product which is deployed into top universities. And when a professor is giving a lecture, they wanted how that can be integrated Gen AI to generate, let's say assessments or exams automated. So Ksolves have worked with them and given the solution, which can take any type of input. For example, it could be PDF. It could be lecturing notes, it could be Excel, it could be diagrams.

And based on that using Gen AI, the system generates a set of questions or quizzes and assessments, thus saving the Professor's time. The system is also intelligent enough to identify which area of that content

of that lecture is more important, and it will generate more questions based on that content. This entire solution was designed and developed by Ksolves and the customer is very happy with this. Next slide, please.

This was again a customer who's based into Germany. They were looking for huge data moment from a database called MongoDB to another RDBMS. There was no easy solution for this. They came to us looking for a way which can be scalable and which can move this huge amount of data easily without any challenges. The idea was that we will use one of bigger technologies. Over here, we have leveraged Apache NiFi, and the solution is today connected and deployed in their cluster. We developed custom connectors. It was entirely custom process, which was developed by Ksolves, and it has helped the customer move terabytes of data from MongoDB to their other RDBMS application.

Additionally, they were also looking for custom support on this. The Ksolves has been providing them with this also. A custom connector has been built, and this entire cluster is right now being managed by Ksolves. Next slide, please.

**Umang Soni:** Yeah. So the financial performance has started now.

**Manish Gurnani:** All right. Okay. So I'll pass on the call to Umang now.

**Umang Soni:** Thank you Manish. Good day and very warm welcome to all of you, and thank you for joining us the quarter one FY '25 earnings call. So now let me take you to the financial performance for the quarter ended June 30, 2024.

Our consolidated revenue for the quarter stood at ₹31.57 crores reflecting quarter-on-quarter growth of 4% and year-on-year growth of 33%. Profit after tax stood at ₹8.95 crores achieving an 18% year-on-year growth and sequential 4.7% decline compared to previous quarter. This is due to a strategic investment in wages and salary increases, office expansion, travel cost, and sponsorship for global tech events. And these investments position us for the future growth.

Now coming to our EBITDA margins. EBITDA margins stood at 38% for quarter one FY '25, reflecting an year-on-year growth of 18%. And as a debt free company, we have consistently delivered superior return ratios with return on equity and return on capital employed more than 148% and 200% respectively. And EPS for the quarter stood at ₹7.55 per share.

So now coming to this, more than 80% of our revenue comes from the repeat customers. And in the first quarter, our top five client contributed 38% of the total revenue, and top 10 clients contributed 54% of the total revenue. We continue to share our profits, and we have paid the first interim dividend of ₹8 per share during the quarter, demonstrating our commitment to maximizing shareholder value. And also, as you can see since listing shareholders total return including stock appreciation and dividends has grown to nearly 102x.

So in terms of geographical footprint, we have maintained a strong international focus with 79% of our revenue coming from overseas customers. North America remains our largest market followed by Europe and rest of the world. Domestic business contributes 21% of the total revenue that is in India.

Revenue by technology, so in terms of, from technology perspective, Salesforce and Big Data and Odoo continue to be leading technology contributors, each generating over 20% of our revenue. Open source accounts for 19% and AI/ML contributes over 10% of the total revenue. And development and consulting services represent 97.5% of our total business revenue, and rest is contributed by products.

Now let's have a look at revenue mix by industry. So we provide our services across diversified industries with technology remaining our largest segment followed by services, telecom, marketing, retail, Edutech, and BFSI. So these are the financial updates for the quarter.

And with that, I will now pass the call to the operator to open the floor for questions. Thank you.

### **Question-and-Answer Session**

**Moderator:** Thanks, Umang. All those who wish to ask a question may use the option of raise hand. In case you're not able to raise hand, you can put the question on chat, and we'll call you to ask the question. Umang, can you discontinue the presentation.

We'll take the first question from Tushar Sarda. Tushar you can go ahead, please.

**Tushar Sarda:** Thanks, Vinay. Ratanji, thank you for the time. What is your outlook on the growth? Because when I met you two years ago, you had said that 7%, 8% Q-on-Q growth will continue for next five years. I think this is the first quarter when the growth has actually slowed down. So I



wanted to get an idea on growth Q-on-Q as well as for the year and over next three, four years?

**Ratan Srivastava:** Perfect. Perfect. Give me one second. Actually, Umang is sitting over here and this mic is getting echo. So he's going to another room. Just give me 30 seconds.

**Tushar Sarda:** Yeah. No problem.

**Ratan Srivastava:** Okay. So, Tusharji, thank you for your question. Okay, yes. I said two years back and since last two years that I will try to maintain seven years quarter-on-quarter. But I think that I have added, I will try. It is not something that I have given a commitment that it will be always 7%. Reason is that this is the first time when I see that sales is decline. And the reason is that most of so many projects right now, base is high. Two years back, base was very small, right?

Last quarter, it was approximately 30.45 and now 31.56. So base is high, and now every percent is higher as compared to, if we see two years back the story. What happened in this quarter? In this quarter, unfortunately, few projects move to this quarter, this running quarter. I could have asked customer that I need this project in this quarter, but it will show them my desperation. And it will give me chance to lose the negotiation power with them. And if they will understand that I'm very much desperate to start this project, it means they will give me lower rate as compared to what I'm getting right now.

At the same time, they will create a high pressure. So what I'm saying that yes, the Q1 I can see that the sales is declined, but it is not something that this quarter will be the same, because right now in 22 days have been already passed. And I can see that I'm in a good state right now and I can say that in this quarter I will be again in the same phase where I was before this quarter, so that is not a problem. That was a onetime problem, and it happened only because customers were asking to postpone the project. Not postpone, I can say that process is now long as compared to two years before. That time, projects were small and processes were very fast to start any project.

Now when I'm getting projects, when customer is starting with 100,000. Two years back most of the customers were starting from 5,000 and 4,000 monthly budget. Okay. Now they are starting, they are asking that 80,000 is budget. So they are taking long time to investigate the team, they are long time to investigate the processes, but I can say that whatever happens, it always happens for good thing. What good thing

right now I can see before this quarter, I was not able to predict the pipeline for the next quarter.

Now at this time, at this moment, I'm in good state, and I can see that before ending of this quarter, I would be able to guess the pipeline. I will have the pipeline for the next quarter. I'm not saying the next year, but quarter-to-quarter, I will have the pipeline.

I will have the idea that how many projects or how much number I can close into the next quarter. So this is something I can say that, yes, it for this quarter, I can say that it is bad but for the future, it is good. Because now in the starting of the quarter, I'm sitting on good numbers. So I'm very optimistic about this quarter now.

**Tushar Sarda:** I'm really not worried about one quarter lower growth. I'm just asking, like last time you're very confident that for five, seven years this growth will continue because opportunity is so big. And your size is really small. You may think it's big, but compared to the market, it's really small. So what is the outlook over next three, four years? What kind of growth rate should one expect from Ksolves?

**Ratan Srivastava:** See. Again, I say that I tried always my best. I will try always my best. I will I miss, I tried my best in past. I will try my best in future okay. And what I can see that, this is I can say that one time decline in sales just because I was not showing desperation to start the project immediately. Okay. If I could have start those projects on the lower cost, maybe I could have done something better. But it was not a good decision, okay, if I will start projects on the lower cost.

But what I'm saying as you are saying that outlook for the next three to five years, I can say that for the next three years. Not I'm saying the five years. For the next three years means already one quarter is gone. So I have two years, three quarter. I will try to maintain 30 plus minus two sales. Sales growth year-on-year.

**Tushar Sarda:** Okay.

**Ratan Srivastava:** It will I think -- I don't think that it will be a problem to maintain 30 plus minus 2% sales year-on-year for next three years.

**Tushar Sarda:** Okay. Thank you.

**Moderator:** Thank you, Tushar. We'll take the next question from Ravikant Sharma who's put his request on the chat. Ravikant, you can go ahead, please.

**Ravikant Sharma:** Am I audible?

**Moderator:** You'll have to speak up a bit louder.

**Ravikant Sharma:** Yeah. Ratanji congratulations to you and your team first, for the outstanding results. I have a small query, as the question asked by Tushar, on the same lines. After growth, you are pertaining this will be the growth and this will be the things. I just wanted to know what exactly Ksolves has internally developed over this period of time? Since you have grown from where you were 10 years before, you have to manage your systems, your growth, billings and many other things. So how have you developed? From a team of 50 you have gone to 500+. So, from the CEO's perspective, how do you manage it all?

**Ratan Srivastava:** Okay. So thank you Ravikant. Yes.

**Moderator:** Sir, we may have problem, people who may not be comfortable with Hindi.

**Ratan Srivastava:** No, I understand, I understand. He asked question in Hindi, so that is why I tried to answer in Hindi. So Ravikant you asked, the question is good. It's 12 years before when I have started this company and in these 12 years. In last two years, I can say that the major changes happened.

One of the major changes is means right now, I do not remember the name of the employees, every name of the employees. We are 520+. And mostly I remember 100 to 200 maximum. Rest of the people I do not know them by name. So it was very tough to know their skills, what they are doing, how they are performing. Okay because now, we have a complete hierarchy. Means, they are not directly interacting with me.

Initially, everyone was able to interact with me directly. I was doing all the appraisals and all. So what I have done right now, I have a three centres also Noida, Indore, and Pune. Who is working from where? I don't have any idea. So I thought that if it will be the case and then it will, it is going to be a big problem. If we want to go for 500 to 1,000 or 2,000 in next few years. Okay. So I have implemented ERP, and it is still I can see that under development, but so many features I have developed, missed tracking of the employees who is working from where. First, then their appraisals, then their joining formalities, exit formalities, everything is now on the ERP.

HR has all the access to restructuring of the company means complete hierarchy. Who is going to report to whom? Every person has a reporting manager, complete hierarchy, and every person has their roles and responsibility. We have decided the R&R for each and every person. KRA you can say, for each and every person. Means if are the meeting or their KRA or not. Every quarterly, we are reviewing them, and it is not something that manually through ERP. We have what we have started initially in the last 12 years every customer was interacting with me directly.

But now there are so many customers who have never interacted with me. But in that case what may happen is because so many people are joining. So if there's no transparency, if there's no hierarchy, then we don't, some day we will not be able to know that our leads who is talking what to the customers. Our people are taking care of the customers or not.

So what we have done, we have started the process that every quarter, every lead will take a feedback from the customers in written, and that those feedback will be submit into the ERP. That's how we are doing. Are we lacking anything? Our code is optimised or not. Our people are timely present in the call or not everything. In that way, we are grading the rates. We have a variable system also.

Performance incentive. That will affect to the performance, incentive. It is not started, but in next three to six months, it will be full-fledged. We will have a complete system where performance customer handling because customer happiness indexing and at the same time, employee's happiness indexing. Both are very important. So far customer happiness indexing, we are trying to get their feedback through their leads, and the feedback will be submitted to the ERP, and that will be available on the dashboard.

Who is performing how much? Good or bad? Secondly, what we are doing, we are circulating a survey form to all the employees quarterly. To know their feedback about me, about my leads, about people, about people, everyone. To create a transparency, we are trying as much as we can do.

A part of this, ESOPs you already know, we have done insurance. We have done insurance. I'm not talking about the health insurance. So many insurance means, for example, if cyber-attacks. If cyber-attacks happen, then company should not be in the problem. Suppose if any miss happening, is there on the floor okay, due to any reason, company

should not be in the problem. We have the insurance. Suppose our code is public due to any reason, due to any mistake, we have insurance. 1 million, 2 million kind of insurance we have.

A part of this, what we have done, we have secured most of the project. I can say that 80% of the project with the insurance. HDFC has this scheme. They insured the invoices, if you fulfil some of their requirements. For example, whenever you raise any invoices, you need to send an email to customer that you have done whatever they were expecting. And if they do not agree, then they can raise the concern within seven days. Otherwise, it will be considered that we have done. That is the only condition from the insurance agency.

And the other thing is that whenever any customer enters into the Ksolves to start the project, we check the credit worthiness of the customer. Sometime, most of the time credit worthiness is positive. But sometimes, it is not positive. In that case, it does not mean that we leave the customer. What we do, we decrease the payment terms.

Generally, our payment term is 45 days to 60 days. In that case, when we see that there may be risk with the customer because insurance company has found that this company credit worthiness is not good, or it is in negative.

Then we reduce the payment term less than 15 days or in most of the cases advance. So that is something I have done on the organisation level to make this organisation secure. Invoice is secure, employee secure, organisation secure with any unfortunate situations. So that is something I have done for organisation on internal level.

**Ravikant Sharma:**

Thanks Ratanji for the overview part for the invoicing and the insurance and things. I just wanted to one more thing if it is possible at your time, because you have such a great internal control in place with such automations and everything. How you are taking care for the renewals of the contracts or means how you are taking care of the renewals, how exactly you are going through the renewals, how you get the information that this has a renewal period time, how the things are getting input in your place, how you decide whether how to go with the renewals. And how about the contracts mean because obviously, you are on a larger term now. Earlier, you're reviewing the contracts, what's easy for you now with a big channel in place.

**Ratan Srivastava:**

Okay. Perfect.

**Ravikant Sharma:** Most of the things are in parts. You have lost more amounts in the company. So how you are checking this?

**Ratan Srivastava:** Perfect. Good question. So initially, as in the last question, Tushar said that what I said in the previous calls two years back. Two years back again I'm coming. Two years back when I was signing any agreement, I was going through all the documents, legal document, because numbers were very less. But in last two years, numbers got increased. So, we have hired one permanent legal person on our payroll, and she is going through all their legal documents. So, it is her responsibility, and when she is raising any concern, in that case I only jump into the meeting, and I give them the advice. Otherwise, she takes all their decision.

Now, again in last six months what I realised that numbers are continuously getting increased. At the same time, contracts are also getting complexed. And we cannot take any risk with any customer because the customer size is getting increased. Customer name is getting big, day-by-day or month-by-month. So we have hired one Pune based legal agency also.

On the top of that legal person who is working on our payroll. So right now, what we are doing, one round that our person is looking into that document, and then again that legal company is taking is reviewing that legal document. So two round and then it is coming to me for sign. So this is something what I have done to ensure that proper security or we are very careful to sign the document or not.

Second thing, your question is that how I trace that which document or which agreement is going to be expired. So as I said in the previous call that I have a ERP now. So whenever any agreement is starting. So start date, end date. We are entering into the project, into the ERP. For every project, we have an entry in the ERP that this is the start date, this is the end date. And again, not only for projects, for employees also. Who is getting assigned into the project? Start date and entry date. And now every day, automatic CronJob is running into the ERP, and that CronJob is sending us the notification that this contract is going to expire in next two months. Be ready. This resource is going to be released in next two months. Be ready.

So how it is helping us? On the project side, it is helping us. Our sales team is immediately getting active to renew the contract. At the same time, our resource management team is getting active to allocate a new project or searching a new project for that resource who is going to be released in next two months. So in that way, the utilisation is getting,

again, increased. The idle time is getting, decreased. Idle time. Because if I will not have that system, resource will get released from the project. I do not have any tracking.

And then once that resource will be released, then I will start searching. So it means I'm losing the time. I'm losing the days. That resource is sitting idle. So this is the way how I'm tracking the project contracted and resource contracted. How and when they are going to close.

**Ravikant Sharma:** Thank you Ratanji for the overview. Great to know how you are tracking and making most of the time usable.

**Moderator:** Ravikant, are you done?

**Ravikant Sharma:** [Technical Difficulty].

**Moderator:** We'll take the next question from Tushar Vasuja. Tushar, you can go ahead, please.

**Tushar Vasuja:** I'm a bit new to your company, so please, forgive me for the naivety of the questions. So my first question is, when compared to the industry average, your margins are actually quite high. So how do you guys manage that?

**Ratan Srivastava:** Again, good question. It should be that how did I manage, actually? Because now it is compromised. Now I have compromised with the margin in this quarter. How I have managed? Answer is that I have managed with so many things I have not done, because I have not done so many things, so that's how I managed.

For example, before this quarter, I have never participated as a speaker, or I never had any booth in any event, because it is a huge investment. For example, for Dubai event, we have spent more than ₹20 lakhs, I think.

**Manish Gurnani:** So just to add, right? These are very important international events which help Ksolves get branding. The Dubai event that Ratan just mentioned, right? That was a global level AI event, artificial intelligence event. We had our own booth there. We had our own custom solutions showcased over there. That helps Ksolves get directly in front of big clients and show them our capabilities.

We had a booth. Just having a booth is one side of it, right? We were also the keynote speaker over there. So I delivered a session also over

there, which was telecasted, which is available also for anybody to review, right? And that generates a lot of interest when people are able to see what we bring to the table. So it has helped us get lot of leads from there.

So we felt that now we are at a level where we need to start participating and showcasing our capability in these events. So that was something live within that, right? What we did not do before. We participated in many more events. There were two more events. One was for Salesforce also. Again, we had a booth in Mumbai, it was a Dreamforce event. We again will be having another Salesforce event. We'll go in there also. I mean, just to give you that idea, right, that we started doing those things also now.

**Ratan Srivastava:** Yes. Tushar, so I lost my rhythm. So, Tushar, your question was that regarding the margin?

**Tushar Vasuja:** Yes.

**Ratan Srivastava:** And, what I was saying that I was able to manage the margin, because I was not doing lot of things. What I was not doing that in previous quarters, participating in events. Also, I didn't have a good office. Right now, in Noida, we have a good office. This office is where we have a very good company, Pune based company. So office premises is very good. Now I'm going to open again new office in next quarter or next Pune also. So our good office premises also give a positive environment among the employees. It gives a feel them that they are going in a good direction. Company is going in a good direction. So this is something what I have done.

In next quarter, again, we are going to participate first time in Salesforce event, which is going to happen in San Francisco. I'm going to tell you explicitly the cost. ₹60 lakhs is the participating cost when you will go for the booth. But it is worth investment. Because when you will have a booth, all the customers -- because this is the biggest event in all over the world for the Salesforce where everyone comes there either as a visitor or as a booth or as a speaker, but they will come there. They will see you. You will get chance to interact with them. You will get chance to give them idea about your product. You will get chance to give them idea about your services.

So this is something called branding, and honestly speaking, it is helping us. In last three months event. I'm not saying the six months, nine months, 12 months. In last three months, I can see a good



increment in organic traffic. Organic traffic means traffic which is coming directly to us without any effort. Means they are coming to us through website, through referrals, or whatever through Google. And they are good leads. They are good companies. Some of them are \$1 billion companies. I'm not saying that they are going to start with us with immediately a \$1 million project. But they are trying to, they are thinking to try us with the small assignment. And when we will win their trust, they may think to give us a bigger assignment.

And it is not something that I'm thinking this will happen. It happened in last few quarters that companies came to us with the small assignments, then they have increased the size of the assignments. So margins were high, but in this quarter, you saw that margins are little down as compared to last quarters. But again, I have spent all this money for the growth of the company. Means branding, participations, events, traveling. Right now, Manish and my Delivery Head, Ramesh, they are in the U.S. for one month. They are meeting customers every day. They are working day and night. Right now, it is night for them, but still, he is awake. And whole day he was meeting with the customers or leads. Some of them are existing customer. Some of them are leads who are talking to us, and they may convert to the client.

Again, next month, I'm traveling to U.S. with my Odoo Technology Head. I'm going to attend Odoo event there, which is going to happen 19th of August in New York, again in September. Five to six people from the Salesforce team, and I will be attending the Salesforce event. And this is something I can say that investment. Yes. But without this investment, I cannot be bigger than this. See, Tushar, I'm sorry that I'm taking a long time, but your question is something which is I can say that which contains lots of questions internally. The margins are declined in this quarter, but because we are looking for growth in next few quarters or next few years.

I had one option that in last few con calls, people asked that, are you looking for acquisition? No. I'm not looking for the acquisition. Even if I look for the acquisition, there is not easily companies available that I will buy and I will become a successful. It is not one day job. It will take, if I want to go for a successful acquisition, it will take years. It is not something that within three months or six months, I can go for acquisition. Again, there will be huge chances to get failed. So another way is that if I go for organic growth, organic growth means do some investment on the branding side, do some investment on the organic growth side, brand, attend some events as a speaker and all, and go there

and tell public to about your capabilities, and then business will come to us.

So this is something which I can see that easy as compared to acquisition, and there's a huge chance to become successful, because it is tested. I have done this with a small investment, but if I will do a larger investment, I will become more successful. And it will be, I can say that less risk, very less risk as compared to acquisition.

**Tushar Vasuja:** Okay. So what I understood from that was that it was not necessary our price that was higher. It was that our expenses were really low compared to our earnings. And now expenses are going to rise, because you want to increase our scale?

**Ratan Srivastava:** Yes.

**Tushar Vasuja:** Okay. Fair enough.

**Ratan Srivastava:** I want to scale, yes.

**Tushar Vasuja:** So my next question is, do we get any subcontracting business?

**Ratan Srivastava:** But, again, this will not be as a huge decline. It is something that 2%, 3% decline in OPM. It is not something that, drastically, it will be a 10% down. I will compromise with 2%, 3%, and I will invest that money into the organic growth.

**Tushar Vasuja:** So my next question was on, do we get any subcontracting business or different IT service provider would outsource to us or something like that?

**Ratan Srivastava:** Now it is very less. Initially it was there, but it is now very less because our focus is now under in the direct customer. I do not remember that in last three months, I have done any new subcontracting.

**Tushar Vasuja:** Okay. My last question is, what's your guidance for FY '25 in terms of revenue and EBITDA margins?

**Ratan Srivastava:** See, I always try to be conservative. But as I said that in the beginning that I will try to maintain sales growth 30% plus minus 2% for the next three years.

**Tushar Vasuja:** Okay. If I can just squeeze in one last question, can you share what sort of order book we have right now?

**Ratan Srivastava:**

See in the beginning I said that I do not say that I have order book for the years. But whatever happened in this last quarter, as I said that whatever happens, it always happens for good thing. Right now, I'm in a situation where I can say that, okay, I have some numbers for the next quarters in my mind. That from where I will start. I have some numbers at this moment that what I have done right now. So that's why I'm very optimistic about the future. Because it is a transition period. I can say that it is a transition period that when we are moving from small projects to a little bigger project. And then closing of the projects is higher as compared to previous time.

Closing time of the projects is higher as compared to previous quarters. And it will be. Honestly speaking, it will be. Right now, I can give you one example. I'm talking to one customer for Big Data project, Morocco based that customer is a million, more than \$100 million or \$200 million company. And since last 15 days or 25 days, we are just talking on the requirement. And I think this deal will be good, but it will take three months to get close. So timing will be now higher as compared to previous quarter, because the project size is going bigger as compared to previous quarter.

And in future, it will be. Because now I can say that we are talking to big customers. Not every customer is small right now. Few good customers are in pipeline. But again, they are not giving us I'm very clear about this. We are talking to very good names right now, but they are giving us a small assignment. They are trying us. They are not giving us a big project. They are big names, but they are trying us. Our capabilities, our knowledge, everything.

**Tushar Vasuja:**

Okay. Fair enough. That answers all of my question. Thank you.

**Moderator:**

Thanks, Tushar. We'll take the last question for the day from Lalit Roy. Lalit, you can go ahead please.

**Lalit Roy:**

Yes. Thank you, Vinayji. Hello, Ratanji. So thank you, first of all for so transparently and in detail explaining to us. And some of us are non-techies, explaining to us through examples of the projects that you're doing, then the complexity of the tasks that you are kind of undertaking. And that kind of also gives an indication of the reasons behind your better billing rates and which probably also lead to higher margins, which tend to surprise a lot of us. But once we hear of the kind of complex assignments you take, then it becomes easier to understand

that bit about your profitability, which is heads and shoulders above what your peers report.

It's also good to see over the last couple of years, how you have been at the cutting edge of technology in your space, how you have been continuously investing in identifying new areas, upcoming areas, and not hesitating and putting resources to work in that space and which also seems to indicate why, so it may seem disappointing to you at 30% because you used to do a lot more growth. But in the industry right now, it's again, head and shoulders above what your peers have been doing. So, congratulations for that.

It's also very nice now finally to, so because I've always known you and your company as being very technology focused, run like a techie, you would run it. And it was always my worry that as you grow in size, you know how do you tackle the challenges with some -- with a larger side, right? So, especially on the selling front. So it's good to see you finally breaking the shackles as far as sales is concerned going out there, putting yourself out there and your capabilities out there in front of a large much larger global audience by attending these conferences or by traveling a lot more, by putting your team out there, showcasing yourself a lot better.

Because it seems you have a lot of technological strength, which is why your performance also has been great. But, I'm sure as you get larger in size and the need for larger projects arises, you would have to tap into much larger companies. Like in the last call, you mentioned that you have broken into a Fortune 500 company. Just now as well, you mentioned that there are some large guys that are giving you work, testing you initially, and hopefully this will translate into larger projects. So, once again, many congratulations for breaking the shackles and your hesitation on the sales front. It's very good to see you putting up your company and your capabilities out there, because as you have said time and again, the opportunity size is humongous. You're still very small in your space. You can continue this 30%, 35% kind of growth rate for a very long period of time with the phenomenal profitability that you report.

So, what I wanted to also understand is, so good to see you make all these efforts, but you still do not have a very big presence, as far as your local presence is concerned in your key markets, in the U.S. or in Europe. So what are your thoughts on that front? Right now, you're trying to tackle it from here. It's keeping your costs lower, your profitability higher. But, going forward, how do you see it? So I see you

are expanding aggressively in India, multiple offices. You've added a lot of manpower last year. I can see you have hired some senior resources. You've got a new VP of Engineering from a good organisation. But what about your presence in your key markets, local presence? So, hiring local talent over there, not for delivery because obviously, you're doing a great job of delivering at a good cost from here. But more in terms of your being closer to clients and your ability to sell better more in terms of, how you're now beginning to get into the larger clients. So the other companies who are tackling these larger clients have a local presence in all these key geographies. So what are your thoughts on that front? That's my main question. Thank you.

**Ratan Srivastava:**

Okay. So thank you, Lalitji. I will try to answer all of your questions. I tried to note down also. I will go one by one. And I will add some my thoughts also. This is my third con call. And in last two con call, when I interacted with the investors, there was a question that how I want to grow this company? And few of them not in con call, one-to-one. I do so many investor calls. They ask that, am I looking for acquisition and all? How? Then it forced me to think a lot that really how I want to grow in next three years.

If this is something I'm doing and base is getting high every quarter, would I be able to sustain this if I will follow the same sales strategy? Then I realised that it will be very tough in next few quarters that to maintain the same growth. Fortunately, what happened, I started looking on the organic growth, means leads which are coming directly through the websites. Through Google. I saw that very good leads are coming. Then I realised that how they are coming to us. It means through branding. So I thought that if I will go for the acquisition, it is not easy even if I want. It will take a long time, and maybe after spending long time, I will not find a good company.

Maybe, there will be huge chances. Finding a good company after spending year even. It will not be easy or maybe not possible. Then I thought that what I should do. I thought that I should go for the big brands. How I will go? Then I thought that how I will reach them. If I'm sitting in India, in Noida or Indore or Pune, how I will contact? How I will reach to their door? Then I thought and I found the way. I thought that I should start participating into the events, not as a visitor. I should take a booth. I should go as a speaker. And I should represent myself or my company there so that they can think. Because when we go through when we pass, when we go to airport, you see so many brands there. I don't think that people really do shopping on airport. But what happens

with that branding? These brandings will help you whenever you will go to market. It will be in your mind. You saw that on the airport.

When you will go for the online shopping, you will think that, you saw that brand on airport. So same thing with the events. It is not something when we will go for the event or when we will have a booth. Immediately, we will start getting the big projects from those booths or after the events, immediately, people will come. We want to sign in. It is not.

We are knocking to their mind. Every time when they are going through that booth or when they are going through that event, they will see us. And at someday, when we will approach them for our products or for our services, they will recall. We saw them at that event. They were very impressive. Let's talk. And it is not something that I just thought all this thing. It is happening. It happened.

Mumbai event, people saw us. Dubai event, people saw us. And then after some time, when we approached them, then they recalled, everything. And they've said that, let's start a conversation. Few of them are in the conversation. So I got away, first thing, that how we can go for the bigger thing. Second thing, as we are a tech company, we always want to work on the latest technology. As I said that we have started, Snowflake, Databricks, Hive, all these technologies are latest technology.

So there are two ways to start any technology. One is that find a certified architect from the market and then start building a team or start searching a project. But if you will see or if you will think about this, it is not easy. Finding a good architect in any technology, for example, Databricks. It will take three months to find a right person. In three months, they will serve the notice period, and then three months, they will settle down in the company. Nine months already, you will spend with them. And there may be very high chances they will leave the company there, because they will get another job. It means nine months' time, money, energy, everything is wasted.

So what I did, I've started and it is my hit formula, because in the previous calls, also people ask that how you have started Big Data? How you have started AI/ML? Did you hire from the market? My answer is right now today I'm giving you that answer. I found people from my company who are hardworking, who are always available, who are ready to listen me on weekend even. I asked them to get certified. I

asked them, learn this. You will get this or this much of reward when you will get certified or when you will be able to get first customer.

This is my hit formula, and in that way, I have developed a Big Data good team. AI/ML good team. I do not say that I have not hired an expert from the market. It was a parallel activity. I kept hiring people from the market, parallelly but at the same time, I relied my internal resources who are always with me, and who are ready to upgrade their technology or their skills.

The latest example is that I asked my, one person who is working with me since last eight years to upgrade him with Databricks and Snowflake. He took two to three months, and now he's master. And now we are looking for the customer. I do not say that I'm not hiring people from the market. Hiring team is working on that thing. But it will take time because three months finding, then three months notice period, then three months settle. But I cannot wait for nine months. I have to have a start now. So this is something I have done on the technology side.

Now on the market. We are right now in India the whole development team is in India. Sales team, definitely, I do not have sales team in U.S. And in next one year, I don't think that I will need a sales team in the U.S. because it is very costly and it is not fruitful. Because in U.S., it is very easy to have a virtual call. Means, definitely, if I will have a people, there it will help me, but at this time, it will be a huge expense.

But at the same time, I have expanded my business in Dubai. I have already few customers in Dubai. I have opened the office in Dubai. Now I'm planning to have a permanent Visa for one of my salespersons. And he's going to shift in Dubai in August month, and it will be his responsibility to increase the businesses on Dubai side, on UAE.

So that is something I'm taking baby steps, expanding the business in other countries, because I do not want to take a big step and a huge risk. But baby steps are very safe, and I can see that it is going to help me to increase the business. And I think for now, it is good. It is enough. And once Dubai will be settled, I will go for another country. Because, see, problem is that I have been in multiple countries. Getting visa for any country is very easy. Only U.S. visa is tough. If I open the sales office, I have the office. Even if I want to send someone, I cannot get visa easily. And if I hire person from there, they don't understand my technology. They don't understand the way I work. So better than U.S., I will send my people to other countries where getting visa is easy,

getting office is easy, relocating is easy. And I found that Dubai is the first choice to cover the complete UAE. Lalitji, if I missed anything, please let me know.

**Lalit Roy:** No. That kind of explains your thought process. So good to know this. Thank you so much.

**Moderator:** Thank you, Lalit. Do we take one more last question, Mr. Anil Kumar has raised his hand?

**Ratan Srivastava:** Yes.

**Moderator:** Yeah. Anil, you can go ahead, please. Mr. Anil Kumar, you may unmute your line.

**Anil Kumar:** Good evening, everyone. Sorry I'm late. I had some couple of questions. First was on operating profit margin. Like, why it is low this month, and what is the main operating margin range that probably we should expect for going forward or probably for a longer period of time. I mean, probably three years average, probably you can. I know it would be a ballpark number. Something will change because sometime you'll be recruiting more number of people under probably backup or other project will not be in hand that point of time, it will come later or something. The billing will be the -- I mean, will be, I mean here and there, one quarter or two quarter. That is fine. But I wanted to understand what would be the long-term net operating profit margin that you are looking out for.

The other question was like earlier, I think on the first con call, I think you had said, like, okay, instead of opening up the office there or and increasing the cost, I would prefer to probably visit or probably get your team itself trained in that, because in due course of time, they'll get trained as to how to handle clients and probably get them onboarded kind of things. So, I mean, how is that plan working vis-à-vis that new plan that you have came up with opening of the office in probably Dubai? Because, basically, I'm just looking out from the cost perspective, how is it working out, and what's the plan for it?

And also like, probably the last question is, what would be the long-term growth that you are eyeing for in coming four, five years or so? The interest rate is at its peak right now. Probably with when it eases out, probably it will be more favourable for you. So what would be the long-term, probably three years or four years or five years for that matter? What is the long-term growth that you are looking out for?



**Ratan Srivastava:** Okay. So, Anilji, I think I have given 95% answers in the previous questions. And I will repeat, but I can confirm with...

**Anil Kumar:** If you have already answered, you can leave that. I mean, I'm joined later.

**Ratan Srivastava:** One thing I missed it. One thing I have not given, the range. I would say that in next three years, the OPM range will be between 35 to 38. Between 35 to 38. And reason I have already explained, Lalitji, Tusharji, please confirm me, Vinayji, if I have not given any answer, I can repeat, but I can reply through email to all the questions, Anil. Because I think it will be repeated.

**Moderator:** I think you covered most of the points. You can just answer to the relevant ones.

**Ratan Srivastava:** Okay. I answered that the numbers will be between 35 to 38. OPM, 36 to 38. And I think other things of why it is declined, why I'm focusing on Dubai, why not in other means, U.S. and all? I have explained that cost factor. The costing for the Dubai as compared to U.S. is very less. The location is easy. Business is easy. Everything easy as compared to U.S. Our people can travel.

**Anil Kumar:** Sorry. I wanted to understand, like, was it not feasible to serve the client by visiting there instead of having an office and employee there? Because that would incur more cost rather than probably going there. And obviously, when somebody is going there, we'll move for with some agenda to meet some more client to, so that get us hands shake and probably see or convert some prospective client into the actual client?

**Ratan Srivastava:** See, I'm not saying that in U.S., it is not a good idea to have a salesperson there. In U.S., to have a salesperson, there are difficulties. First difficulty is getting visa. Second difficulty is cost. And third thing is that every customer wants to have a local person. If they have a local person, they will be very happy. But problem with the U.S. is that we cannot get permanent visa easily. And if I will hire someone from there, it will be very costly.

But for the UAE, costing is easy. And if I will have a local person, that local person can meet to customers anytime, and that will give them confidence. And that will help us to increase the bills. Manish and Ramesh are there right now, and when they are visiting to leads, not

customers, leads, it is giving them confidence when they are talking to them face-to-face. That's why I always said that for the U.S., I will prefer travel every time. But for Dubai, we can have a people there. It is very easy. And it is very less costly. Because having a local person, it will always give confidence. But for U.S., I can say that I'm helpless.

**Manish Gurnani:** And even for Dubai also. Not like that we are opening 20, 30 people office. It's a very small engagement to begin with.

**Ratan Srivastava:** We are going to start from the small salesperson only. Sales office. Our salesperson will move from here to there. It is not something we are going to hire their person.

**Anil Kumar:** Okay. Great. So, one probably if I have asked you that question or probably your answer. So what is the long-term growth that you are looking at? Long-term growth percentage.

**Ratan Srivastava:** I cannot tell you about the five years, but I said that for the next three years, I will try to maintain 30% plus minus two sales growth.

**Anil Kumar:** Okay. 30% plus minus two. Okay. And do you see with the easing of the interest rate environment probably next year or so, whatever? Nobody knows about that time frame. But, like next year or so, do you think that number can go up and can again be in the 40s or something that range?

**Ratan Srivastava:** See if everyone should be optimistic about the future. But no one should give the guarantee.

**Anil Kumar:** Absolutely.

**Vinay Pandit:** I think, we'll end the call here now. So, thank you to all the participants for joining us on the call, and thank you to the management for giving us the valuable time. This brings us to the end of today's conference call. You may all disconnect now.

**Manish Gurnani:** Thank you.

**Ratan Srivastava:** Thank you.

**Umang Soni:** Thank you.