

**Date: July 15, 2023**

**To**

<b>Listing Compliance National Stock Exchange of India Ltd. Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai – 400051</b>	<b>Listing Compliance The Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.</b>
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**Subject:** Key Highlights and Management Commentary on Financials for Q1 FY 2023-24.

**Ref:** Reg. 30 and Reg.33 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 above-captioned subject, please find enclosed herewith the Key Highlights and Management Commentary on financials for Q1 FY 2023-24.

A copy of the above is being also made available on the Company's website i.e., [www.ksolves.com](http://www.ksolves.com)

This is for your information and records.

**For Ksolves India Limited**

**Manisha Kide  
Company Secretary & Compliance Officer**

**Key Highlights of Financial Results: Q1 'FY23-24:**

- In Q1, Consolidated Revenue from Operations grew 44% YoY (23.79 cr vs 16.51 cr), QnQ growth of 4.6% QnQ (23.79 cr vs 22.74 cr)
- In Q1, Profit After Tax (PAT) increased 43.5% YoY (7.59 cr vs 5.29 cr). QnQ growth of 3.5% (7.59 cr vs 7.34 cr) has an adverse base effect from non-operating income of 0.43 cr last quarter.
- Q1 Earning per share of Rs 6.40 vs Rs 4.46 last year same quarter.

**Management Commentary:****Revenue growth & Profit Margins:**

- Slowdown in qnq revenue growth driven by one off delays in project onboarding of few recent wins. As client mix is increasingly tilting towards enterprise clients, business development cycle is becoming longer. Company expects to quickly bounce back to higher growth trajectory from Q2 onwards.
- Operating margins improved QnQ as cost rationalization & increased utilization levels have offset annual salary hike cycle in Q1. Upcoming cost pressure from various business initiatives such as international business travels of key project leads will be offset via various cost synergies. Company expects to maintain high margin profile in near to mid future.
- Client base continues to be diversified with **45+ IT services clients** across **15+ countries** with **top-5 client's contribution of 30%** and **top-10 at 46%**.
- Key geographies of USA and India saw strong traction. Business development focus remains on increasing revenue share of Europe, Canada, and Australia.
- Key new deal wins include an USA based Automotive Heavyweight, a large Australian Digital Marketing firm and a UK-based, Global commercial real estate services company. New project win includes a Big Data Project distinguished banking institution in the Middle East.

**Business Updates:**

- Hired a new Director of Sales- US and aiming recruitment in other countries to augment business development.
- Setting up an AI CoE (center of excellence) – existing AI capabilities need to be quickly upscaled for ongoing disruptive changes in industry. CoE under leadership of CTO Mr. Manish Gurnani and other Senior experts will focus on skilling modules to train employees in generative AI and various LLMs.
- In some projects, basis client demand and consent, rolled usage of LLM models such as Codex, GitHub Copilot, StarCoder for faster project lifecycle. Productivity benefits from such initiatives are passed on to client without affecting billing as project scope gets enhanced. Larger usage will take few years once leading software providers integrate these offerings into private and secured set-ups. System integrators (SI) such as Ksolves will benefit from that roll out cycle to clients.
- Started using public AI tools internally for Digital Marketing, Content Writing, Sales, UI/UX, and Social-Media results and savings reinvested into growth initiatives.
- Started process to sponsor M-tech in AI/ML and are in conversation with the University of California in association with SimpliLearn.

- Hiring of laterals as well as freshers from campus recruitment is continued with focus on funneling pipeline of the business opportunity in AI/ML/Big Data/DevOps/Salesforce. Focus remains on generating more revenue per employee by enhancing technology mix and billing rates.
- As of now 27% of workforce resume work from offices across four locations (Noida / Pune/ Indore/ Ahmedabad). Anticipating larger workforce to resume hybrid model and that allows better training of new resources and improving employee engagement & productivity.
- Recently did soft launch of salesforce product “SMS 24\*7”. Efforts continued by Product development to market it via tech partnerships which if well received by the market can have meaningful growth implications for both products and the Salesforce services division.

**Other Updates:**

- Company remains committed to work in asset light model and return large chunk of free cashflow generated via dividend/buybacks. Also increased company size may necessitate corporate actions in near term to enhance book equity.
- Contrary to perception of a section of investor community, business prospects are agnostic to capital hence presence or lack of capital has no bearing especially due to no near-term intent of inorganic growth as well as availability of financial headroom from zero debt. Company has high visibility on business momentum and cashflow and keeps a close eye on working capital requirements.
- Post migration to mainboard, company engaged into various investor catch-up focusing on attracting long terms institutional clients. Such engagement works both ways where wider investor community get to know company better as well as company tries to pick good suggestions from existing and prospective investor base.