

Date: 20th August, 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 Q1FY25

Dear Sir/ Madam,

We are submitting herewith the transcript of the earnings conference call for the 1st quarter ended June 30, 2024, conducted on August 14, 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 Q1 FY-25
Earnings Conference Call”

August 14, 2024



**MANAGEMENT: MR. JAIMIN SHAH – CHIEF EXECUTIVE OFFICER &
MANAGING DIRECTOR**

MODERATOR: MS. PREETI BHARDWAJ - KIRIN ADVISORS



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Moderator: Ladies and gentlemen, good day and welcome to Dev Information Technology Limited Q1 FY25 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 touchstone phone. Please note that this conference has been recorded.

I now hand the conference over to Ms. Preeti Bhardwaj from Kirin Advisors. Thank you and over to you ma’am.

Preeti Bhardwaj: Good afternoon, thank you. On behalf of Kirin Advisors, I welcome you all to the Conference Call of Dev Information Technology Limited. From the Management Team, we have Jaimin Shah, CEO and MD. Over to you sir.

Jaimin Shah: Thank you. Good afternoon, everyone. I am Jaimin Shah; I am a Co-founder and Director of Dev Information Technology. I am pleased to welcome you all to the Conference Call for Dev IT Limited.

Before we delve into the specifics of our Quarter 1 FY25 performance, I would like to begin with brief overview of our company.

Dev Information Technology aka Dev IT is one of the prominent players in the IT service industry. We have evolved from modest business automation software provider into a global IT service powerhouse. We offer comprehensive range of services that includes cloud services, blockchain, digital transformation, Microsoft Enterprise Application, managed IT services and application development.

Our cloud service and the blockchain business is unique which covers everything from advisory to managed cloud services and also cloud development to a cloud pilot services. We ensure all the journey from on frame to cloud, as well as sometime there is a hybrid need. Through digital transformation we deliver responsive websites, digital commerce solutions, marketing strategies and document digitization for a paperless future. We would rather say that it will be less paper solutions for most of the enterprise as well as government organizations.

Our enterprise applications are tailored for business transformation, utilizing platforms like Microsoft Dynamics, CRM, business intelligence to provide customer custom based solutions, intelligent insights and seamless integration across the system. Driving business growth and inform decision making, which will provide more and more insight to a customer's personal need as well as business need. Our application development, then mobile application development, mobility and on latest technology AIML side, we provide bespoke application development as



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well as managing IT infrastructure remotely. We are well become a truly end-to-end IT service provider, because we start from advisory and end with managing clients IT infrastructure remotely. So, this has become one of the specialized IT service company and to an IT service company in our spectrum.

Our portfolio includes, before I go to our portfolio, I would also like to talk about our Microsoft Enterprise Solutions, where we are one of the key provider on Microsoft Solutions. We are with Microsoft technology as well as Microsoft India, since last 27 years, and working very closely for their e-governance solutions as well as enterprise solutions. And that is how to strengthen our IT enterprise business unit, we recently acquired Dhyey Consultancy Services where we can strengthen our Microsoft Dynamics and Microsoft CRM, including power platform and Microsoft AI, so that. Beyond government, we can also deliver enterprise solutions to Indian corporate as well as overseas clients.

Since last three years, after Corona, we have also started focusing on creating intellectual property, and that is how we have built a product called Talligence and a ByteSIGNER. Talligence is a SaaS based product which provides AI powered analytics platform to customers so that they can analyze their Tally accounting software data on their mobile as well as on their desktop based on their roles and responsibilities. This is one of the unique solution which offers, you can talk to your Tally data. So, this is the AIML part, which we have included where client can talk to their Tally data and explore or can gain a business intelligent data from Tally by Talligence.

ByteSIGNER is also one of the up the shelf product where corporates, as well as mid-size companies, they require plot while signing a digital all the documents together. There is no such solutions available where you can sign digital signature to all the documents on one go. Currently, you have to sign all the documents individually, by having ByteSIGNER you can sign those documents in one go.

We also have various other solutions which we are already, you can say proposing to small and medium enterprise as well as mid-size corporates in India as well as abroad. By acquiring Dhyey, we also have acquired at least 22 odd business ready solutions where client can minimize their ERP implementation time frame as well as their ERP implementation cost by adopting those industry ready solutions. And that is on Microsoft Dynamics 365.

Our company is headquartering in Ahmedabad, Gujarat having all the offices across India, we are more than 60,000 square feet office and most of them we own those buildings and those real estate. We provide, as I told you earlier, that one of our key components and key USP is manage IT services, where we provide 24x7, 365-day network operating as well as, security operating center to our clients, as well as for our internal need. We have all kind of required infrastructure



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in our all the offices across India as well as in Canada. And now we are also shortly starting our operation by acquiring the company in US as well.

Dev Information Technology is recognized as one of the leaders in IT industry in India as well as in Gujarat. And that is how, when NASSCOM one of the leading IT Association, they wanted to have SME IT representation on their executive council 10 years ago, they selected me, and I was one of the Executive Council members to represent SME IT on NASSCOM Board for 10 years. And, I also became a Chairman of NASSCOM domestic market council for two years, and then became a trustee of NASSCOM foundation. Currently, I am a trustee of Dewang Mehta Foundation Trust which was been constituted by NASSCOM and the industry leaders and the Dewang Mehta's family. I have a founded Gujarat IT Association, called GESIA IT Association. I am a Founding Director and the Founding President of GESIA IT Association. And currently, my colleague and Chairman, Pranav Pandya, is chairing this IT Association. So, besides that, I am also Co-Chairman of Association or sitting on the board of many institutions, as well as universities.

Dev IT is also CMI level three, as well as ISO 9001 to 27135 company. We are also when year 2004 government of India came out with the performance rating of SME company. We were the first IT company in India went for the CRISIL SME rating in year 2004 and 2005. So, we believe in governance, we believe in introspecting what kind of a new thing required for Dev IT to grow more and also provide more and more value addition to our shareholders as well as to our stakeholders. And that is how our philosophy is, people first and business always, we first believe about what would be the impact on our employees, what would be the impact of our decision on our shareholders, what would be the impact of our decision to our customers. So, that is how, since last 27 years our one of the key USP was, it is other collaboration and relationship.

We serve various range of sectors, including education, healthcare, pharma, manufacturing, entertainment, professional services, public sectors and PSUs, real estate and retail. We have many esteemed clients, like government of Gujarat since last 27 years, government of Rajasthan since last 15 years, government of India since last 10 years. And beyond those government, there are many reputed organizations where we serve their IT need regularly. Besides government and PSUs, we are also very closely working with NEMA and nowadays we have started IT collaboration with Adani for their BI need, then IRM and other like a Luthra, Prince these are all our clients in India is concerned. As far as overseas is concerned. One of our key component and key USP is managing data centers remotely, 24x7, and one of the leading data center providers from Delaware, Ntirety they are our clients since last 15, 17 years. There are many other clients. I don't want to go into detail. I can share those presentation offline with you all.

When we talk about Quarter 1 of this current financial year, we are really excited that whatever goal we have set for this year that is being achieved at least in this Quarter 1. In this Quarter 1,



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we have significantly received a good significant orders from government of Gujarat, government of India, government of Rajasthan and a few corporates from North America. Our total revenue offer was around 35.50 crore, and one of our goal was to increase our EBITDA as well as PAT in next two to three years, and that is being achieved in this first quarter, and we have improved upon our EBITDA margin as well as our PAT. Our PAT stood at around 3.72 crore, and it was around 100% increase as compared to last Q1.

As we all are moving ahead in next three quarters, one of our focus area is to just increase our revenue, but also increase our profitability and also increase our strength as well as our, you can say pie into Dev IT technology which includes blockchain, AIML and Microsoft Power platform. As our management, we are all committed, and that is how we could be able to do our business since last 27 years, with a philosophy people first business always, and also expanding beyond India by way of organic as well as inorganic growth. And recently, as you all know that we have acquired Dhyey Consultancy Services. Last year, we acquired Mind deft and entered our service line into blockchain. We are also looking forward to acquire a couple of more organizations so that we can have our direct presence in USA and in Europe or UK area. So, this is it from Dev IT side. Thank you very much, and I would like to open the forum for question-and-answer.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mansi Agarwal from QIP Investor. Please go ahead.

Mansi Agarwal: I have actually multiple set of questions. My one question is that, can you explain about your competitive advantage?

Jaimin Shah: Can I gather all the questions and answer together so that, if at all there is some linkage question, I can combine it.

Mansi Agarwal: Okay. So, just want to know that your team size, what is your team size and your attrition rate and as well as your order book in hand right now. And the servicing appeared for those order books and your competitive advantage. So, this is all the combined question from my side.

Jaimin Shah: Okay, great. So, thanks a lot, Mansi. And those are all very relevant question and if I would have been on screen, then I would have shown the entire presentation to you all, so that you can gather all these details. So, as you asked all those questions, one is competitiveness advantage, team size, attrition and OB and how confident we are to serve that OB as well as future business. So, I will combine all those questions and cover in my reply, as I told you earlier, that one of our key philosophy is people's first business always, and that is how our attrition is lesser than industry standard. Currently, our attrition is around a 9% kind of thing. Our attrition in terms of employee as well as our attrition in terms of customers, is extremely low as compared to industry standard. When it comes to team size, we are more than +1000 employees currently, and those



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all +1000 employees working for India clients as well as abroad. We don't have any on site client in North America. Currently, all our employees are working offshore business, and one of our future plan for next calendar year is to have on site in North America. As far as OB is concerned, we are having at least 28% to 30% of OB of last year, so we are very confident, and that is how you can see that we are getting good revenue numbers and also increasing profitability. Yes, if you want to know more about geography, or what are our plans, I can definitely go on, or also can have a conversation offline.

Moderator: Thank you. The next question is from the line of Shailey from Unity Finance. Please go ahead.

Shailey: Sir my first question is, we have started the Financial Year '25 with remarkable rise in revenues and profitability. What is outlook for rest of the year?

Jaimin Shah: Okay, so thanks a lot. I miss your name. Okay, so outlook we are really confident of our company's outlook, where we want to improve or increase our revenue, as well as PAT and we have our alternative plans are also ready, if at all something goes wrong, then we can also activate our other plan, and that is how we can track our India market presence also, if at all something is not working in North America or in Middle East, then our India market presence will fill that gap. So, we have kept both the presence, and that is how we have been survived in last 27 years, and you can say that with all odds be it in India or in overseas, we could have able to increase our revenue as well as profitability.

Shailey: Okay. So, when can we see EBITDA margin growing to double digits also, despite over 100% growth in the revenues and EBITDA, EBITDA margin expansion is just nine VPH, can you please explain it?

Jaimin Shah: Yes. So, one of the key component if you can see our balance sheet, where one of our key services is Microsoft license delivery, as well as services on license through government sector where those business is working at very low margin percentage. And that is how our EBITA, as compared to revenue is lesser than our revenue growth and that is how we are working on that part where we want to grow our EBITDA margin.

Shailey: Okay. So, my last question would be with the run rate of Q1 financially 25 can we achieve 1000 crore revenue milestone in Financial Year '25?

Jaimin Shah: Sorry, how much?

Shailey: 1000 crore?

Jaimin Shah: 1000 crore in this year?

Shailey: Financial Year '25?



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Jaimin Shah: Financial Year '2025 no, we will not achieve 1000 crore by March 2025 not for sure and that is also not our target to achieve 1000 crore revenue in one year. Our target for three years are already set and as this is a call I cannot predict on future revenues or cannot talk about numbers which are not under my control.

Moderator: Thank you. The next question is from the line of Tushar Vasuja from Yogya Capital. Please go ahead.

Tushar Vasuja: I have a couple of questions. My first one is on revenue distribution, so I need a couple of data points. So, what's your revenue distribution between products and services geography, and what percentage of the revenue comes from other big system integrators that outsource their work to you, and what percentage of revenue comes from government contracts?

Jaimin Shah: Okay. So, I will first answer Geography product and services. So, 92% comes from services revenue and 8% from product revenue.

Tushar Vasuja: Okay, and geography?

Jaimin Shah: And in terms to geography from India market, we are getting at least somewhere around 65% to 70% and 30% to 35% from overseas market.

Tushar Vasuja: And what is the major geography in your overseas market, is it?

Jaimin Shah: North America. Because we have our physical presence in Canada, and we also have, just last year when we acquired Dhey, they also have their presence in US.

Tushar Vasuja: Okay. And sir what part of your revenue comes from other big system integrators that outsource their work to you?

Jaimin Shah: So, only couple of big system integrator outsource their work, and those are not that significant that we are relying on those system integrators.

Tushar Vasuja: So, most of the revenue is from the orders that you have bid on?

Jaimin Shah: Exactly.

Tushar Vasuja: Okay, got it. And sir what percentage of the revenue comes from government contracts?

Jaimin Shah: So, as I told you around 65% to 70% is our India revenue. And in this 65% to 70% around 72% comes from government revenue.



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- Tushar Vasuja:** Okay, sir. And sir do you face any payment delays or something of that sort, from the government contracts?
- Jaimin Shah:** So, government contracts normally, because we are working since last 27 years with all the governments. So, it's around 90 to 120 days, they do release our payment. Sometimes it happens that in one or two cases, payment got delayed by 150 days, but otherwise, within 120 days payment does come.
- Tushar Vasuja:** Okay. And sir what's your order book right now, what's the number?
- Jaimin Shah:** On the number our order book is around, you can say 30 crore or so.
- Tushar Vasuja:** 30 crore and what would be the execution period for this?
- Jaimin Shah:** Sorry, come again.
- Tushar Vasuja:** What would be the execution period for this order book of 30 crores?
- Jaimin Shah:** Execution PL, I have not calculated frankly speaking. So, I will not be able to give you direct answer right away, but can also provide you offline after a day or so.
- Tushar Vasuja:** Sure sir, no problem. I have more questions regarding your order book, so what is the average tenure and size of the order that you get?
- Jaimin Shah:** So, tenure when it comes to India market, it's around the order we close in 45 to 60 days, and our execution is ongoing because most of our clients in India, they outsource their IT infrastructure or IT operations on ongoing basis to our company. So, give you an example of one of the PSU. They outsource their entire IT to us. So, the order tenure is two years, but there is a fixed cost every month, which we have to bill them. Have I answered you properly or do you want more clarity?
- Tushar Vasuja:** No, sir that's enough. Next, what's the average size of your order?
- Jaimin Shah:** Average size, frankly, speaking I have not calculated so we will also give you those data later on, along with order PL, execution PL.
- Moderator:** Thank you. The next question is from the line of Bharti Patel from Quantum Advisor. Please go ahead.
- Bharti Patel:** Hello, this is Bharti Patel. My question to you sir is, what are the future plans for your products, Talligence and ByteSIGNER, any new products in pipeline?

Jaimin Shah: Yes. So, really good question Bharti, thank you very much. So, Talligence, we are really excited about Talligence, as we all know that in India, as well as various other country, SMEs as well as mid-sized companies they are using Tally accounting software, and Tally doesn't have AI and BI and they don't have any future plan to include those two components. So, we found a big business opportunity where total Tally users across all the geography is around 4 million Tally users are there. I am considering those bigger users. I am not considering those unnamed users. So, we want to address those 4 million users, and our initial target is to achieve at least 2000 to 4000 users. And one of our key feature into Tally Talligence is talk to your Tally data. You can get all kinds of KPIs, I don't want to delve much into Tally Talligence, but it is really worth looking an application irrespective whether you are a user of Tally or not, but really worth looking at the application Talligence. So, we are excited, and we are investing more and more into it and now we are adding the generative AI feature in Talligence. Another thing, which is a ByteSIGNER, which is an optional product, where companies who are using digital signature, and they want to sign all those digital signature, they have to bulk sign, they can use ByteSIGNER. It's a very low-cost product, but quantum is huge. So, we are talking about around you can say 50 lakh users in next two to three years. As far as other products are concerned, we are not investing into other products, but yes, other solutions we are already investing, as I told earlier during my talk, that Dhyey Consultancy, which we have been acquired. They have developed around 22 odd solutions on Microsoft Dynamics, which is an ERP from Microsoft. And they have made those solutions for various industry vertical as well as various business units to address their day-to-day issues. So, this is the spectrum, or you can say what we have done as far as product development is concerned.

Bharti Patel: Okay, understood. And going to the next question, given the current economic challenges, what is your outlook on the IT service sector?

Jaimin Shah: So, our current situations, geographical situation, political situation. Yes, there is a stagnancy in North America as well as Middle East, as we all know. And that is how our strength and our you can say competitive advantage, where we are also present in India market. So, we are very confident, and we are not into a big enterprises where they are suffering a lot. We are addressing to SMEs, growing companies, agile companies, where they have a huge growth plan and we are very working for those companies only.

Bharti Patel: Okay, sir. Last question, how do you see the demand for cloud services and the digital transformation changing?

Jaimin Shah: Yes, cloud services is really rapidly growing. And that is how, though we were not focusing on India non-government market, but since last few months, we have started focusing on India SME market, because their adoption is more than 100% growth year-on-year. And that is how, if you all know that Microsoft India worldwide, they have been won award of best growing territory in the world. And that is how we are also focusing more on India market. When it comes to cloud



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North America, it's mature market, and there demand is very high. And couple of our clients where we have developed their solutions on cloud for their industry now they approached us that, why can't we make that solution into some standard process so that they can also offer that solution which we have implemented for their organization, to their competitive or to their business associates. So, by this way, we are also seeing growth in cloud development as well as our manage IT portfolio.

Moderator: Thank you. The next question is from the line of Abhishek Yadav from Trans Union Civil. Please go ahead.

Abhishek Yadav: So, my question is, what is the planned CAPEX for 25 and next year?

Jaimin Shah: Sorry, projection plan for next three years?

Abhishek Yadav: What is planned CAPEX for FY25 and for next year?

Jaimin Shah: Planned CAPEX. So, as you all know that we are a service company, and we also recover our day-to-day operation cost for day-to-day cash flow, but we also want to increase our profitability and our revenue and by way of acquiring company, or by way of having our physical footprint in various regions, including India. So, in next three years, we foresee that around 25 crore to 30 crore per year CAPEX would require in terms of to acquire a company, also to acquire business development manager and to put them on site In US or in Canada.

Abhishek Yadav: Okay, sir. And my next question is, what is your volume sales and growth of volume?

Jaimin Shah: Sorry, your voice was breaking.

Abhishek Yadav: What is your volume sales and growth in volume?

Jaimin Shah: Volume sale and?

Abhishek Yadav: Growth in volume?

Jaimin Shah: I really don't get those two terminology. Sorry about it. I am not that kind of convergent about those numbers. So, if you can explain what is your question.

Abhishek Yadav: Sir, my question is, what is your volume sales and what is growth in volume?

Jaimin Shah: Okay. So, I am really if I can come back to you in a day or two after getting those data, will be okay?

Abhishek Yadav: Okay, sir. Thank you.



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Moderator: Thank you. The next question is from the line of Mahesh Sheth an Individual Investor. Please go ahead.

Mahesh Sheth: Sir, I just wanted to know that what was the significant drop in our total income for this quarter that is Q1 FY25 compared to previous year first quarter?

Jaimin Shah: Yes. So, thank you Mahesh. In previous year quarter, we got a very big order, which was not predicted, and it is because of government's immediate need which we had for the data center, and that is how we got a single order of 33 crore. It was really not; it was one of the biggest orders which reserve government played as far as software service is concerned. And that is how in this quarter, if I compare my revenue with last year quarter, then there is a dip in revenue.

Mahesh Sheth: Okay. And I also have one more question that, how did you manage to increase EBITDA and PAT margin despite the lower revenue?

Jaimin Shah: Okay. So, as I told earlier also shared it with other friends, that majority of our business revenue coming from India market. So, we are increasing our export business, that is one. Second one is we are also now become very choosy where we just entered into those contracts where margins are really better. So, we are working on those two parameters, and third one is, we are increasing our growth and our pie in data and enterprise solutions business space, so where we can get more and more, we are really getting good profit margin into data, which includes AIML and into Microsoft Enterprise Solution side.

Moderator: Thank you. We will take this as the last question. I now hand the conference over to Ms. Preeti Bhardwaj for closing comments.

Preeti Bhardwaj: Thank you everyone for joining the conference call of Dev Information Technology Limited. If you have any queries, you can write us at research@kirinadvisor.com. Once again, thank you everyone for joining the conference call.

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