

August 09, 2023

**To,**  
**BSE Limited,**  
**Corporate Relations Department**  
P J Towers, Dalal Street  
Mumbai 400 001

**National Stock Exchange of India Limited,**  
**Exchange Plaza,**  
5th Floor, Plot No. C/1, G Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai – 400 051

**Scrip Code : 532875**

**Symbol: ADSL**

**Sub: Intimation of the Earnings Conference Call for Investors and Analysts held on August 03, 2023**

Dear Sir/ Madam,

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the transcript of Analysts and Investors Earnings Conference Call on the Un-audited Financial Results of the Company for the quarter ended June 30, 2023, held on Thursday, August 03, 2023.

The said Earnings calls transcript is also available on the website of the Company at [https://www.allieddigital.net/in/wp-content/uploads/2023/08/ADSL\\_Q1\\_FY2024\\_Earnings\\_Call\\_Transcript.pdf](https://www.allieddigital.net/in/wp-content/uploads/2023/08/ADSL_Q1_FY2024_Earnings_Call_Transcript.pdf)

Request you to take the same on record.

**For Allied Digital Services Limited**

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**Nehal Shah**  
**Executive Director**  
**DIN: 02766841**

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**Allied Digital Services Limited**  
**Q1 FY2024 Earnings Call Transcript**  
**August 3, 2023**

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<b>Call Duration</b>	<ul style="list-style-type: none"><li>• 1 hour and 15 minutes</li></ul>
<b>Management Attendees</b>	<ul style="list-style-type: none"><li>• Mr. Nitin D Shah, Founder, Chairman &amp; Managing Director</li><li>• Mr. Nehal Shah, Executive Director</li><li>• Mr. Paresh Shah, Global CEO</li><li>• Mr. Gopal Tiwari, Chief Financial Officer</li></ul>
<b>Participants during Q&amp;A session</b>	<ul style="list-style-type: none"><li>• Gaurav Agrawal – Nine One Capital</li><li>• Jyoti Singh – Arihant Capital Markets</li><li>• Narendra Khuthia – RoboCapital</li><li>• Rajesh Agarwal – Moneyore</li><li>• Nikhil Oswal – Finterest Capital</li><li>• Soumitra Joshi – Individual investor</li><li>• Deepak Poddar – Sapphire Capital</li><li>• Piyush Mehta – Caprize Investments</li><li>• Karthik – HCL</li></ul>

**Moderator**

Ladies and gentlemen, good day and welcome to the Allied Digital Services Limited Earning Conference Call. As a reminder, all participant lines will be in the listen-only mode and anyone who wishes to ask a question may enter star and one on touch-tone phone, to remove yourself from the queue please enter star and two. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mayank Vaswani from CDR India. Thank you and over to you.

**Mayank Vaswani:**

Thank you Yashashri. Good morning and thank you for joining us on Allied Digital Services Limited's earnings call for Q1 of the Financial Year 2023-24.

We have with us on the call today: Mr. Nitin Shah, Founder and CMD; Mr. Nehal Shah, Executive Director; Mr. Paresh Shah, Global CEO and Mr. Gopal Tiwari, Chief Financial Officer.

Mr. Nitin Shah will begin the call with an overview of the Company, Mr. Nehal Shah will then cover the recent evolution followed by Mr. Paresh Shah who will cover the operational performance and key developments during the quarter. Mr. Gopal Tiwari will then walk us through the financial highlights following which we shall open the call for the Q&A session.

Before we begin, I would like to point out that some of the statements made in today's call may be forward-looking in nature, and a disclaimer to this effect has been included in the earnings documents that have been shared with all of you earlier.

I would now like to hand over the call to Mr. Nitin Shah for his opening remarks. Over to you, sir.

**Nitin D Shah:**

Thank you Mayank. Good morning to everyone. Thank you for taking the time to join our earnings call, which is being conducted after a sizeable gap. I trust that all of you have had a chance to review our earnings documents which were shared earlier including the investor presentation which was shared yesterday.

For those of you not very familiar with the Company let me share a brief background about Allied Digital. Allied Digital is a globally acknowledged managed service provider and Master Systems Integrator, catering to

customers in over 70 countries. Our diverse range of services includes Workplace Management, Infrastructure Management, Cloud Enablement, Cybersecurity, Integrated solutions to Smart Cities and Software services. We specialize in assisting Enterprise Customers with efficiently managing and integrating their IT systems, ensuring they are perfectly aligned with their unique business requirements.

Allied Digital's inception was way back in 1984 and it was led by me and my late brother, Mr. Prakash D Shah. It was a modest journey that we started by providing support for mainframes. Since then, we have undergone what I refer to as the six different phases of our evolution. It is six different times that the Company has taken a new path.

This is a sixth path which is a very interesting path which we say 'Disruption Driven'. It has seen us gear up the organisation with skills and capabilities that are future ready, placing us in a position to leverage emerging technologies and cutting-edge Services and Solutions to our clients. Our Service capability matrix has been richly enhanced.

Further, we are driving a holistic transformation programme across our business. This will elevate processes, practices and approaches across our entire operations. This transformation will cover areas such as human resources, service governance, customer relationships, corporate governance and overall stakeholder relationship management. We will look to improve our ratings as an employer of choice, raise our position as a vendor of choice and seek to be more transparent in our disclosures.

The Company is aspiring for continued growth and substantial scale. Our teams are seeking larger contracts with marquee customers as we deepen the service offerings.

With this brief overview, I would now like to handover the call to Mr. Nehal Shah who will give a brief about the evolution.

**Nehal Shah:**

Thank you. Good morning everyone. I will now talk about the services we offer or as we like to call it as our Service Capability Matrix which includes a wide range of services, which are thoughtfully combined to cater to our customers' diverse needs. Drawing upon the expertise and capabilities of our specialized teams in Cloud Enablement, Cybersecurity, Infrastructure Management, Integrated Solutions, Software Services and Workplace Management Services, we ensure that each project receives the required skillset for successful execution.

We understand that each customer's requirements are unique, and demand tailored solutions. Hence, we carefully integrate the appropriate building blocks from our Service Capability Matrix to create personalized and effective service offerings. By doing so, we guarantee that our customers receive the best possible solutions that align with their specific goals and objectives. Our commitment to excellence drives us to continually refine and adapt our services to deliver unmatched results for every client we serve.

Starting from this financial year, we have restructured our offerings into two distinct categories: Services and Solutions. Under the Services bucket, we focus on providing continuous, long-term support to our clients. These services are of an annuity or recurring nature, with clients engaging in ongoing contracts to receive consistent and reliable assistance. On the other hand, under the Solutions category, we deliver one-time implementations tailored to address specific needs or challenges faced by our clients. These projects could include transformative initiatives, upgradation projects or setting up infrastructure at new locations.

We derive 75% of our revenues from global customers through our Rest of World operations which are dominated by our presence in the North American Market through our subsidiary Allied Digital LLC. Around 25% of our revenues are from India where we serve Enterprise customers as well as Government customers.

Now, I would like handover to our Global CEO, Mr. Paresh Shah to share key insights about the operational performance and key developments during the quarter.

**Paresh Shah:**

Thank you, Nehal. A very good morning to everyone. I will now briefly take you through the operational performance and key developments during the quarter.

During this period under review, we are pleased to announce that we have successfully booked new orders worth Rs. 100+ crore for our services, which entail three years of contract revenues. This achievement highlights the trust and confidence our customers place in us, solidifying our position as a reliable and preferred partner for their ongoing services and solutions needs.

Let me list you some of the key wins this quarter:

- One large Insurance company in India has taken our services contract for their 3 Data centres and Network services
- A well-known US based real-estate company in New York city is taking our support of enterprise services
- A very large agriculture product company with retail outlets all across south India, we are going to manage their end user devices as well as their enterprise services
- A large central USA airport is going to be managed by us as a critical infrastructure.

I also want to share with you some exciting news that seven top retail brands in the USA are signed up for using ADiTaaS for their IT service operations.

Additionally, I am very excited that our pipeline is very strong which has a positive momentum which we are experiencing with a robust growth. The increasing number of potential opportunities only indicates a growing interest in our offerings and demonstrates the value we bring to our customers. We very much are remaining optimistic about our ability to capitalize this positive traction and further enhance our market presence.

As we move forward, we are committed to upholding our commitment to service excellence and customer satisfaction, delivering high-quality services that exceed expectations. Our dedicated teams and comprehensive solutions continue to drive success for our customers, as we look forward to even greater achievements in the future.

Now I would like to handover to our Chief Financial Officer, Mr. Gopal Tiwari to cover the financial highlights for the quarter under review.

**Gopal Tiwari:**

Thank you Paresh bhai. I will now quickly cover the financial highlights for the quarter under review.

We delivered a consolidated revenue of Rs. 169 crore in Q1 FY24 as compared to Rs. 153 crore in Q1 FY23, showcasing a growth of 11%. EBITDA for the quarter grew by 28% on a year-on-year basis, at Rs. 18 crore in Q1 FY24 as compared to Rs. 14 crore in Q1 FY23. EBITDA margin stood at 11% as compared to 9% in the corresponding quarter last year. PAT for the quarter stood at Rs. 9 crore in Q1 FY24 as compared to Rs. 7 crore in the corresponding period last year, higher by 20%.

Now coming to some perspectives to share regarding our performance for the quarter:

First is on revenue growth – We have seen the India Business grow by 70% on a y-o-y basis. However, Global business which accounts for more than 75% of revenues was soft this quarter. We anticipate activity levels to resume in Q2 and expect further contract wins and a ramp up in delivery in the coming months.

There has also been a factor of revenue mix at play where we have seen billing for smart city projects rising and this contained a high proportion of implementation revenues. As implementation largely comprises material supply, the margin has remained stable compared to Q4 FY23 but has improved from 9% to 11% on a year-on-year basis. We are confident that revenue mix will improve further through the rest of the year leading to an improved margin profile.

Allied Digital maintains a strong and healthy balance sheet position. We are a debt-free entity, on a net debt basis reflecting our prudent financial management and stability.

Moreover, we have carefully managed our capital expenditure, resulting in no major CAPEX spends during this period. Additionally, we hold a cash and cash equivalent position of more than Rs. 66 crore, which provides us with the necessary liquidity and flexibility to meet our operational and strategic requirements.

With this solid financial foundation, we are well-equipped to seize opportunities, invest in growth initiatives, and deliver sustainable value to our stakeholders.

Now I would like to handover to our Chairman & Managing Director, Mr. Nitin D Shah to share his views on our outlook and the strategic initiatives underway.

**Nitin D Shah:**

Thank You Gopal. You have heard from my colleagues about the exciting developments at Allied Digital.

Moving forward, we recognize the tremendous potential that arises as digitalization continues to permeate every aspect of business and on everyday life. We have strategically chosen to focus on smart cities, cloud migration, cybersecurity services, fortified by our NOC/SOC capabilities from offshore/onshore and nearshore locations, as well as expanded multiple language support. These areas are poised for significant growth, presenting us with abundant opportunities. Additionally, we anticipate substantial prospects in the manufacturing solutions domain with industry 4.0 taking center stage.

This phase marks a critical turning point for our organization, and we anticipate a robust and profitable growth trajectory from here on. We extend our gratitude to all stakeholders who have played a vital role in empowering us to reach this point, and we remain committed to create value for all stakeholders.

We can now open the floor for questions.

**Moderator:**

Thank you very much. we will now begin with the question-and-answer session. Anyone who wishes to ask a question may enter star and one on touch-tone phone, to remove yourself from the queue please enter star and two. Participants are requested to use handset while asking the questions. Ladies and Gentleman we would wait for a moment before the question queue assembles.

We have the first question from the line of Gaurav Agrawal from Nine One Capital. Please go ahead.

**Gaurav Agrawal:**

First of all, congratulations for starting to do these calls. We have also started submitting our presentations to update us on the business. Thank you so much for sharing these details. Coming back to your quarterly performance and long-term outlook on the Company. First of all, sir, Q1, this particular quarter, it has seen a very high increase in the employee cost. The run rate has gone from Rs. 26 crore, Rs. 27 crore to now Rs. 35 crore. If you can elaborate what explains this rise in employee cost? Is it like you are doing some kind of upfront cost recognition, the fruits of which you intend to have in the future quarters? And if yes, what kind of future revenue do you see on a quarterly basis or on a yearly basis?

**Gopal Tiwari:**

Gaurav, coming to your first part of the question about increase in manpower cost this quarter. That increase is mainly on a couple of counts. First of all, this being the first quarter of the year, generally our revisions happen across the board. A considerable portion of this increase is towards revision of the overall employee cost. Apart from that, there was a second reason that during the quarter, we had informed earlier also that we have missed out certain opportunities in the US market. A couple of big accounts which were supposed to be in our kitty, we did not get that and a couple of renewals also did not happen. But however, having said that, we had a pool of talent ready for those projects which we decided to continue. We decided to continue with them, and we chose to make them sit on the bench for their deployment in future since we are having a good pipeline of good contracts supposed to be in our kitty. So, we kept them on the bench to



be utilized in those projects. That could be a couple of major issues. Because of that, you can see the employee costs have increased from last quarter to this quarter. And what was your second question?

**Gaurav Agrawal:** My question was on the sustainable revenue run rate and also the follow up on the employee cost. This quarter has been Rs. 35 crore. This Rs. 35 crore is recurring the run rate, or it will come down from Q2 onwards? Any idea on that? And then on the revenue trajectory.

**Paresh Shah:** This Rs. 35 crore that we talked about is almost recurring, but it will be still less because there was some increase, as Gopal mentioned. We may even have a dip on that. The reason is we will make sure that we will be utilizing them in some projects, or we may be also looking at letting them go if there is no other opportunity on that. I see that as a kind of a peak. I do not think it would be more than that.

**Gaurav Agrawal:** Sir, on the revenue run rate, any guidance for FY24-25? What sort of quarterly run rate do you see for Allied Digital?

**Paresh Shah:** Usually what we see, we really track it on a yearly basis because our run rates, as you see, we already got new orders of Rs. 100+ crore this quarter. We are doing very well, and even if you compare it with last year's quarter, we are doing pretty good. We have a very robust pipeline and I see there is no issue to basically see how the revenues are not growing. Definitely we see an extremely positive trend going on.

**Gopal Tiwari:** And in the past, we have been growing at the rate of 26%. Year-on-year basis CAGR in the last 4-5 years is 26%. That is on a year-on-year basis we have been performing.

**Gaurav Agrawal:** Any number that you want to share with us for FY24 on revenue growth and on the EBITDA margins?

**Nehal Shah:** Generally, we do not intend to give numbers out. What we say is that we go through our past performance, and we are in the same line. We feel that we will be able to do that. At the size of our Company, if you see with the turnover and our top line, the large deals that are there in the pipeline, if some of them get clicked, the whole revenue recognition will change at a complete uptrend. And we saw that happening in the last 1 or 2 years also. And in future also, with the pipeline that we have, we feel that that should also grow at a steady speed.

- Gaurav Agrawal:** I wish you all the best for these large deals, and I hope that you continue to do these quarterly con-calls so that we investors can get updates directly from you. And hope to speak to you in the next quarter.
- Moderator:** We have our next question from the line of Jyoti Singh from Arihant Capital Markets. Please go ahead.
- Jyoti Singh:** Sir, as an earlier participant asked for the margin guidance and revenue guidance, my question is on the similar side, but if you can give us some light like when we are expecting, it will be a better number and better growth going forward.
- Paresh Shah:** As you see, the markets are much better this quarter also and we have a very good pipeline. We see some very large deals also, as Nehal already mentioned. I see a very positive trend and we want to make sure that year-on-year, as we grow 20% to 25%, this trend should continue and maybe even exceed expectations.
- Jyoti Singh:** Sir, on the Smart City side, we are doing it only on the domestic basis or we are also doing on the international basis?
- Paresh Shah:** That is a very good question. While we were doing a lot of domestic business on Smart Cities, we have also opened up to do business across the globe. And we are making a huge positive trend in the US markets also, where we are taking up large opportunities as a Master System Integrator. That is another big funnel that we are creating. And I am very excited to tell you that that is also going to be a big growth factor for us.
- Moderator:** We have our next question from the line of Narendra Khuthia from RoboCapital. Please go ahead.
- Narendra Khuthia:** Just a few questions. One is regarding your order book. If you could share the outstanding order book and the timeline for its execution, that would be helpful.
- Nitin Shah:** There are 2 types of orders booked. One which we already booked the order. At the beginning of the year, as you know that we have almost about Rs. 1,700 crore IRR that we have booked already to be executed in the next 3 to 4 years. And what we are doing is we keep working on getting new clientele and most of this new clientele that we get, be it in Smart City or Infrastructure Management or Cloud Migration, these are all generally 3 years average contracts. So, whatever we will keep getting, it will not only increase our current revenue, but also increase our long-

term earning also for the next 3 years. I think that is a good model that we have created because everything is culminating into annuity business.

For example, Cloud, when we do consulting and migration, it gets culminated into Managed Services for the next 3 to 5 years. When we talk about Cyber Security, just doing the posture, understanding the current posture and giving them the upgradations on their Cyber Security, we implement those technology and again manage 24x7 hours for the next 3 to 5 years. That's again an annuity business.

The Smart City, of course, is 5 years. Every project that we execute, we land up into supporting them under operations and maintenance for the next 5 years.

When we talk about Workplace Management which we have been doing pretty well across the globe, most of them are 5 years plus kind of contracts. What we need is a breakthrough into a new large client and that will make our pipeline very healthy.

**Narendra Khuthia:** Is it safe to say that once you get a Solutions client, it somewhat converts into a services client going in the future? Would that be right?

**Paresh Shah:** Yes, absolutely. You understood quite good. We have 2 types of things. One is, as Nehal mentioned, we do service contracts which are definitely 3 to 4 years, 5 years contracts. The other aspect is when we do Solutions, as Mr. Nitin Shah mentioned, that gets converted into Service contracts also. We have a very strong order line for the next 3 years. All these new businesses are just augmenting our existing order line. So, what you see is add-on revenues coming on top of our already booked orders of close to Rs. 1,700 crore right now we already have. For the next 3 years, it is already a committed business. We are talking about new business, augmented business, on top of these.

**Nitin Shah:** I would put it this way that every solution that we deploy, it is always 100% culminated into multi-year contract.

**Narendra Khuthia:** Are we doing anything to expand our margins? Or are we happy with the current yearly levels of margins?

**Nitin Shah:** What happens when we onboard the client, generally, all that is happening at a time when we get the business under competition, we have to charge them as a winning proposition, a good kind of proposal or price point. But constantly our endeavor is to optimize our cost. When we start looking into the costing, we believe at least 4% to 5% minimum

that we can increase the margin by optimizing the cost for the next 5 years.

**Paresh Shah:** Also, I would like to add that we have a close eye on how to improve the margins. As you know, we have the 'ADiTaaS' platform which is our own intellectual property. We have also another one 'FinoAllied'. As I mentioned in my operations report, 7 big US brands have also taken ADiTaaS platform signed up. That's a very big margin platform because it sells complete licenses for long term and that is gaining big traction. And when we bundle that with our services, it only will enhance our margins. That's the kind of a big differentiator we bring.

**Nitin Shah:** That's a big lever for us to increase and enhance our margins. Our own IP ADiTaaS, which is ITSM platform and conversational banking, i.e., FinoAllied, which are our own IP. And definitely that will also boost over a period of time in future our margins.

**Moderator:** We have our next question from the line of Rajesh Agarwal from Moneyore. Please go ahead.

**Rajesh Agarwal:** Sir, how is the working capital days this quarter? What was the number of days for the working capital?

**Gopal Tiwari:** The working capital days, basically, we have improved quite a lot on that. It is now hovering around 95-96 days of working capital cycle we have achieved now.

**Rajesh Agarwal:** This quarter also it was 95 days?

**Gopal Tiwari:** Yes.

**Rajesh Agarwal:** And going forward also, it will be 95 days?

**Gopal Tiwari:** It will be lower than that. As per the industry norms, it will be around 90 days.

**Nehal Shah:** Just to add to what Gopal is stating, generally, the Government clients and the other clients that we have, we have a cycle of billing them quarterly. That's the reason that we have to have that kind of investment that we need to do. But most of the time, whenever the billing is done, we get our payment. But because of the investment for the first quarter or the quarterly payment that we get, that is the kind of timeline that we are looking at.

**Rajesh Agarwal:** Apart from the Government contracts, what is the normal working capital cycle?

- Gopal Tiwari:** In private enterprise also, generally it is quarterly basis only. It is mostly 90 days. Sometimes it is monthly also, but mostly it is 90 days in private enterprise business also.
- Rajesh Agarwal:** Did you mention that you have an order book of Rs. 1,700 crore or something like that?
- Nitin Shah:** Yes, we have already booked exactly Rs. 1,700 crore to be executed in the next 3 to 4 years on an annuity basis.
- Rajesh Agarwal:** Any amount on the bidding pipeline, how much orders are in the pipeline?
- Paresh Shah:** There are a couple of very large deals. If I look at that, the pipeline is very healthy, and it can easily go into millions. But I am not going to give you the exact number because we have a very strong pipeline is what I can right now comment, and we may kind of even overshoot. But today as we look at this, we are sitting on a pretty strong healthy pipeline. It is just a matter of time that they may convert into very large deals.
- Rajesh Agarwal:** Any timeline when we do hope to close the deals?
- Nehal Shah:** Rajeshji, on the order book, what I would want to also add to this is that while the order book is there for Rs. 1,700 crore that we have already booked and we are going to be billing it for the next 3 years, the thing is that there are a lot of customers that are still ongoing with us and there are renewals also happening time and again and there is additional business that we get or what we call in our parlance as farming of additional business in the existing customer accounts. All of that is not accounted for in this number. Absolutely in terms of the top line, the increase is going to be very good. I would not want to just say or give a message to everyone stating that Rs. 1,700 crore is the only order book that we are looking at. There are certain other things that are also being added to it on a quarter-on-quarter basis.
- And second, from the order execution perspective, we feel that most of these orders that we book are generally booked for a period of 3 to 5 years, which are renewable for another 3 to 5 years. That's how the cycle works in our industry. When a customer is taken into, the margins in probably the first 4 or 6 quarters is typically less because we are investing a lot of our energy and money and time into knowing the customer and having the services delivery put into account. But as time goes on, we keep on improvising on our costing and our margins.

**Rajesh Agarwal:** This quarter, how much employee cost increase was due to the normal increment or the bench strength? Can you quantify that?

**Nehal Shah:** Generally, we typically try to keep 10% of our employees on the bench for future projects and training and upskilling. That's the kind of bench strength that we would be having. The overall amount Gopal would be the right person, but what I have understood is that about 50% of that has gone in the bench and 50% is gone for the increments that we have done for the yearly revision.

**Rajesh Agarwal:** How much average increment we have given?

**Nehal Shah:** The average increment is about 7% to 8% that we do across the board.

**Nitin Shah:** I would like to add here. We have much lesser attrition compared to industry standards. We have 2 types or sets of people. One is core team; other one is non-core team. Core team, hardly any attrition that has taken place. Almost like 0%.

**Rajesh Agarwal:** Sir, this will be the run rate for the employees quarter on quarter?

**Nehal Shah:** Employee cost, as soon as the people on bench become billable to us, the cost will be moved to the other head under direct cost and that is how we will be able to manage.

**Gopal Tiwari:** That will be compensated against the corresponding billing.

**Moderator:** We have our next question from the line of Nikhil Oswal from Finterest Capital. Please go ahead.

**Nikhil Oswal:** Thank you for the opportunity and also for starting this concall. It is really useful for the investors to understand the business. My first question is that we have seen a 100% growth in Solutions business in this quarter when I see the segmental revenue breakup. And just to understand the marginal breakup between Services business and Solutions business, if you can help with that.

**Nehal Shah:** Typically, yes, you are right that this quarter we have seen a jump in the solutions business. The reason for that is that last year, we had won a couple of projects under the Smart City, 5 cities we won: 3 cities in Punjab and one in Lucknow and another in Solapur. What was happening is generally the timeline for deployment of these projects are about 8 to 9 months and most of the billing for CAPEX or any Solutions that we deploy at the client site happen together. And that's the reason that we are seeing a lot of jump that has happened in the Solutions business this

quarter. Typically, from the margin perspective, whenever we are billing for the solutions business, typically margins are little lower than the annuity business because most of our margins are recovered over the period of 5 years when we do operations and maintenance for these clients. I hope I have answered your question.

**Nitin Shah:** What happens is when we are bidding, especially for the Government, we have a fear we may not be L1. Here, you need to have a very compelling solution, technical score also has to be higher compared to your peers, and definitely we are concerned about the cost, because then only we can win. There is always a margin pressure in terms of acquiring a client. But once we acquire a client, we know how to improve our margins. Initially for the first year for every Solution, because of competition, we might not earn as much as we earn subsequently in the next 5 years.

**Nikhil Oswal:** At a blended level, if you can quantify what levels are we going to sustain margins going forward considering the growth that will come? If you can give some guidance on numbers.

**Nitin Shah:** We are extremely cautious. For us, the EBITDA margin is a lever, actually. We keep constantly watching that. We are not desperate in terms of getting any and every business where there are no margins or the customer is not the right one, where our money may probably get stuck or something. Having said that, we are very carefully growing, cautiously growing. And the margin is something it has to be as per our expectation. Otherwise, we will leave the business.

**Nikhil Oswal:** Anywhere around 14% to 15% we will be able to sustain which is the blended levels that we did last year? Are we going to outperform that?

**Nitin Shah:** We are very optimistic and hopeful but a huge amount of effort that we need to put in. But I think a very strong lever is our own IP, i.e., ADiTaaS and we are going to give this year a lot of boost onto that. And the new emerging technology will be extremely high once it is getting adapted in terms of conversational banking, the FinoAllied that we have created; we got several awards on that. These are all margin boosters actually.

**Nikhil Oswal:** As you mentioned earlier in the previous question that you are aiming to grow at 20% to 25% year-after-year. Previous year, we clocked around Rs. 660 crore of top line. So, I think this year, we will be able to achieve our 25% growth. Because in the Q1, we could not really see that kind of jump in the performance, so in the coming few quarters, are we confident of catching up ahead?

**Nehal Shah:** I would suggest that rather than looking at our organization from quarter on quarter, we specifically would want you to look at us as year-on-year growth. While I understand that generally the typical idea is that if I have done Rs. 168 crore top line this quarter, most people would want to just multiply it by 4 and come up to a number. But however, that is not the case because as the year progresses, quarter on quarter we get additional business. We keep on billing them; we get additional revenue. So, we see that the growth is going to be absolutely there, and we are on the right track, and our strategy and our guidance is also going to be matched.

**Nitin Shah:** We, being in the Service industry, especially, I have spent 47 years only in the Service industry, we always believe in under talk and over-deliver. And when the guidance also, we give very cautious guidance. So, if you would like to know about our guidance, I think 20% looks to me very very clear. Whatever that we get upside, that you will see at the end of the year. At the same time, quarterly results you cannot multiply by 4 because there are certain seasonal businesses. And especially in enterprise, beginning of the year, the spending is not very high in the first quarter; the last quarter is very high. We have gone through the quarter which is not the kind of quarter where the spending is more. So, you will see next quarter may be bigger. I am just guessing. And that's how we have been seeing a trend for the last 17 years.

**Nikhil Oswal:** One last question. I just want to understand, once we complete our order book with one client, post that we have to start the annual maintenance for them, right? What is the percentage of that, the total percentage of revenue, for maintenance that we charge to our clients?

**Nitin Shah:** When we talk about Services business, it is 100%. On the contrary, we get additional money in terms of doing a transition from the old service provider to the new service provider. There is a one-time cost that we do in the form of transition. However, that business which is a Services business is 100% revenue for the next 5 years. And more than that, there might be some change request which keeps coming. Every year, the customer would like to do some changes and spend money. All that will add up onto that. But when it comes to Solutions, it is in the beginning we have CAPEX on that many times. We first design, architect, deploy, integrate, customize. There is a phase where we earn money through Solutions. But the best part is that every Solution we do culminates into Services business for the next 3 to 5 years. That is again 100%, but it is not the same amount what we did in the beginning at the time of



solutions deployment. I hope I could make sense to you. Services business is 100% renewal.

**Nehal Shah:** Just to add to it, what we are trying to say is that in any Solutions business that we get, typically in the Government scenario, 30% to 35% is something during the CAPEX investment that we do and about 60% to 65% is something that keeps on going for the next 5 years. That's how typically, broadly, most of the projects are broken up.

**Moderator:** We have our next question from the line of Soumitra Joshi, an investor. Please go ahead.

**Soumitra Joshi:** First of all, thank you for organizing this concall. It is really helpful for us investors to understand our organization better. I have basically 2 questions here. I will begin with my first question which is a little backdated to the last quarter. We had done away with the hardware business of our Company. I understand it is a low margin business plus maybe the synergies were not there and hence we wanted to do away with it, but what I want to understand is what was the quantum of that business and what is the impact of that business in terms of our margins going forward? Because it was a low margin business, obviously it would have been hurting our margins. So, would it have a significant impact on the margins going forward? That's the first question.

**Nehal Shah:** To answer your question, what we have done is, typically while we have said that we have stopped completely doing hardware business, but organically in the organization, we had slowly already stopped doing business for the last 3-4 years. So, typically from a future perspective, we do not see the margins being impacted anywhere.

Margins though at the time that we were at our peak, we were doing 50% Product and 50% Services. That was about 8-10 years back, but after that, we slowly decided that the margins are low. We typically play no role in doing any kind of box pushing. OEM decides the price. It is fixed with the customer. We just play an intermediary role in transferring those assets from the OEM to the client. There were no additions or no add-ons that we were doing.

Typically, that business was done to enter and get into a new customer account. However, when we realized that this is not giving the kind of margins that we are intending to go for and it is not sitting with our growth targets, we decided to completely come out of that business. So, to answer your question again, in the last 3-4 years, we have almost stopped doing this kind of business and we, going forward, do not intend

to do any product business. And from a margin perspective, I see there will not be any much dip or any changes in the future as well.

**Soumitra Joshi:** I was not asking from a dip perspective. I was asking more from the perspective of since we have completely done away with the low-margin business, do we see a positive impact of that coming in subsequently on the margins of the Company going forward. Would it bump up the margins rather than bumping it down?

**Nehal Shah:** In the last 3-4 years, typically, Soumitra, we have not done this business. So, I think I have already answered.

**Soumitra Joshi:** So, more or less, it is basically what we are at right now. We are going to use the other aspect of the business, i.e., the software aspect of the business and try and move our margins forward. The 14% what we are at now is probably a base case going forward but this is something that over a period of time will only improve. Is that understanding, correct?

**Nehal Shah:** Yes, it is absolutely correct. The biggest lever for that is our software ADiTaaS that we feel will be a game changer for us because whenever we sell our software as a product to customers, we see a lot of good bottom line and good margins on that. So, that could be the biggest lever for us to improve our margins going forward as well.

**Paresh Shah:** Just to add, every customer is looking at a combination. They are not looking at pure services, but there is always some change and transformation that happens in every organization and that is where our ADiTaaS which is a low-code no-code platform brings a big impact to the organization to automate processes and kind of give them that value addition and also give them more of a cost-effective overall solution, both services plus technology combined. And that's the route we have taken and now we are accelerating in that.

**Soumitra Joshi:** This is a Company that was not really in the limelight for long, but it has recently come on people's radars, especially for us also since we have been evaluating this Company. Certain things that come into our mind is like if we have to do a peer comparison of this Company, obviously looking at the major IT companies would not be the right thing to do. From my understanding, it may be wrong and you can correct me, I look at it probably something like if you have to look at it from a product perspective, something like a Newgen Software and if you have to look at it from the holistic perspective, something like an Aurionpro. Is that understanding correct that probably these are the companies with which

we should compare ourselves rather than looking at the major IT companies as a core? Or is that understanding incorrect?

**Nitin Shah:**

Newgen, I think they are in document management. So, it is not the right comparison for peers. But let me tell you, when we ran the Company, we were not in the radar. It was a deliberate attempt almost for 5 years where we said we are doing transformation. And we had been constantly communicating to all our investors "small pain but long gain." In that process of transformation, several things that we have done. The most important thing is, 1) We have made our Company completely debt free. 2) We have improved our corporate governance greatly. 3) We have reskilled our people. And that's a big challenge right now most of the Indian IT, so to say, successful companies are facing today because tomorrow's requirement is going to be completely different than today's requirement or yesterday's requirement. And that requires a whole amount of complete reskilling, repurposing, and retraining which is what we have done, and hence, currently we are very relevant to the customers' need at the moment.

Hence, when we talk about Cloud Migration and Cyber Security, they are all high-end fruits actually. Our aim is to get into the higher-hanging fruits so that margins would not be a problem and competition is also not too many. We have come out of the low-hanging fruits or products business just because of that. I do not know what Aurionpro is doing, but we feel that we are the market leader when it comes to Master System Integrator. We are the pioneers in Smart Cities. Almost more than dozen smart cities that we have already established. We have earned a good name in smart city, which is not everybody's cup of tea because there are a lot of system integrators, but no Master System Integrator in this country. So, we know we have positioned our Company very well for the future earnings.

**Soumitra Joshi:**

We are also taking some feedback from the smart city aspect only and I must tell you that there is positive feedback on your work. That is something really good and congratulations for that. Finally, if I have to conclude, what I am looking at is our Company, ADSL, is looking at a growth of 20% to 25% at a conservative level year-on-year from here on and the 14% margins that we are looking at is probably a base case going forward, and this is something that is only going to improve. Is that understanding about the Company and its growth prospects, correct?

**Nitin Shah:**

100%. You have taken it very well. If you really force me to reply, I would get very pleased if we can get a day when we make it 20%. That is the

constant endeavor to keep on increasing one lever that is going to be EBITDA. So, when it comes to me as a Chairman, I am more concerned about the EBITDA margin.

**Soumitra Joshi:** So, we can basically, as an investor, expect 20% to 25% growth from a revenue perspective and margins on an upward trajectory from here because the transformation has taken place and now it is time for bearing fruits for the Company, of all the effort that you have put in for the last 5 years.

**Nitin Shah:** Correct.

**Paresh Shah:** Apart from what Mr. Nitin Shah has talked about the Smart City part of it, MSI part of it, I would also like to talk about Services business. The reason is we are a Global Managed Services provider. We operate in more than 70 plus countries. And we have 2 types of contracts; one is we take direct contracts, the other one is definitely with our partners, and these are very large partners, and we work on very large deals. So, if you look at our comparison, we have our competitors, the high-end competitors, which I am sure you know all the time like Wipro or HCL. We have taken up contracts also of theirs and that is the usual case because our sweet spot is definitely big customers and that is how we have differentiated ourselves. But we play it on a strategy that we work with very large contracts also as a partnership so that we want to make sure that we deliver high-quality services for very large customers. That's the kind of differentiator we bring.

**Nitin Shah:** I would further like to state, I could not prevent myself, when I run a Company, we have made such a strong, robust Company. Firstly, that we are sellable anywhere in the world because we are talking about higher-hanging fruits. We generally target very large customers and maybe Tier-2 but managing very large customers is a different ballgame altogether. And when we talk about Services, Services is mainly high compliance, intensive and governance driven. Service governance is very important, and we can very proudly say that we support our clients the way any other large Company's support across the globe and we have put a lot of effort in terms of doing service governance which is very very highly matured. So, today we are talking about supporting large customers. We are not too much into small SME segment. And often you will see large customers adding to that. And of course, the scalability will be much faster. I would not like to comment as to how much percentage and all that, but I can tell you that that is how we have made our Company for long term.

- Soumitra Joshi:** Thank you so much, those inputs were very helpful. I'll come from where I think a lot of investors are coming in because I have been hearing all the questions. Generally, I think this is the first time for most of the people to interact with the Management. The first step itself for any analyst becomes that they need to understand what is the growth aspects and prospects of the Company and ultimately materialize it into some number so that you can have some target going forward. That was the basic purpose of understanding and asking about the EBITDA and the revenue margins. And I think most of the people who are on the call, the analysts would agree with me that that is from where the base starts. That is why I think the constant pestering or questioning from our side on the revenue and EBITDA margins, which I think you have answered really well.
- Moderator:** We have our next question from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** Sir, first up, I wanted to understand more on the margins front. Would it be fair to say that in the last couple of quarters, we have seen pressure in margins? One of the major reasons is that a couple of projects in the US could not be renewed?
- Paresh Shah:** Because as you know that in the US, a lot of inflation was there and there was definitely some pressure there for the customers to reduce costs, and many times, the customers take a decision where they want to see where they can reduce the cost. So, they mainly take up the opportunity to do insourcing. The projects that got closed were mainly a couple of them which were more insourced by the customer, not that they have been given to somebody else, because customers sometimes think that I want to kind of make sure if I can do it myself and reduce the cost. So, they sacrifice the high-quality services that we give, and they make some decisions based on their budget constraints. It has nothing to do with our quality of service.
- Deepak Poddar:** I get that point, but what I was trying to understand is, is that the major reason because of which our margin saw a pressure in the last couple of quarters?
- Nehal Shah:** Yes, that is correct. That was the major reason margins that were not up to the mark of every quarter. But going forward, I think that will keep on improving as we keep on adding new customers.
- Gopal Tiwari:** I'll add on top of that. There was a reason for the last June quarter, revenue mix was also tweaked basically. The revenue mix of Solutions

percentage was a little higher than the Services. That also because as we explained, Solutions has got a little lower margins. That has also impacted our margin a little bit on account of that. Going forward, our revenue mix is going to be improved or if it changes to other way around then margin is going to be increasing.

**Deepak Poddar:** As mentioned earlier as well that 14% is the EBITDA margin base that we expect going forward, how many quarters do you expect you will take to bridge that gap between your current margin of maybe about 10.5% to where you want to be in terms of pace?

**Nitin Shah:** It is very difficult to predict right now. Endeavor is constantly there to reach up to that. I may go wrong if I tell you any particular month or quarter, but yes, we try to optimize that. We do a lot of automation in our service delivery and that will reduce the people dependency. As you know, nowadays, new technology which is coming up using AI and you talk about ChatGPT and all that. We are using those kinds of things in our service delivery where we will make a lot of our processes automated. That will reduce the people cost and that will enhance our margins. There are plenty of avenues that we are looking at in terms of improving the margin once we get the client.

**Deepak Poddar:** But it would be fair to say at least on a quarter-on-quarter basis, we will see an upward trajectory on the margins front?

**Nitin Shah:** It should be.

**Nehal Shah:** The intent is that we are constantly working on improving our EBITDA. That is the intent I would want to say.

**Nitin Shah:** But when it comes to competition, the competition decides the price and we cannot let the business go. So, probably it must be in the first year itself a little bit of a dip will be there on the Services and Solutions business because customers generally give it to the Company which is quoting lower. That we have seen as a trend. But then we know in the next 5 years how we can optimize our margins.

**Moderator:** We have our next question from the line of Piyush Mehta from Caprize Investments. Please go ahead.

**Piyush Mehta:** I had a similar question to what a couple of other people have previously asked and this one more specifically for Nehal. More or less, they have been answered. What I would like to ask Nehal is, sitting where we are, considering the kind of revamp that we have done and the base that we

have built, is it fair to say that you can now visualize sitting on a Rs. 1,000 crore top line with 16% to 18% kind of margins over the next 2-3 years? And do we have the capability, the resources and the intent to achieve the same? I would like to specifically speak to Nehal on this.

**Nehal Shah:**

Thank you for this question. You're absolutely correct. We are sitting on a target where we see that Rs. 1,000 crore is absolutely achievable in the next 2-3 years. The reason for that is the kind of orders or the kind of wins that we have had in the past, which were huge, \$100 million single orders and all of it gives a lot of strength to us. And we also see that the customers and even our partners are absolutely backing us to do and achieve those kinds of numbers. So, you're right, Rs. 1,000 crore is absolutely achievable in the next 2 to 3 years and that is our first target that we would want to go in the 4-digit top line.

**Nitin Shah:**

I would like to further add on to that. I do not know whether you had been tracking our Company 2-3 years back or 5 years back. I, as a Chairman, constantly saying that we are going through a transformation phase. That was an internal transformation and I have been constantly saying "small pain but long gain." And we did that transformation and finished that in 2020. So, we are in the long-term gain kind of phase. And this was a deliberate attempt that we would like to go in for a long-term positioning ourselves better for better earnings. So, we have made the capacity in our Company – Processes, System – everything we have made it very robust to scale up our business.

**Piyush Mehta:**

I think one of the comments was that there is a certain margin that while we are growing cautiously, and we would not work below a certain percentage in terms of the margins. What is that specific margin that is comfortable for us? Because, of course, as you said, the competition is there, and we would not like to quote below the competition. What is that particular margin at which we believe this is something that we will definitely hit?

**Nitin Shah:**

Low single digit margins, of course, we are not interested because we do a lot of large projects actually. And we have an appetite, we have strength in our Company; we would rather move to somebody else, some other customers. Absolutely low margin we are not interested in at all. Many customers probably we would have lost, or we would have said no last year. Even the intrinsic assets we have created or the intrinsic value that we have created is unmatched. It's a matter of time that our potential will be realized by everybody very soon.

**Moderator:** We have our next question from the line of Karthik from HCL. Please go ahead.

**Karthik:** Thanks for the opportunity and also thanks for hosting the call. I have been an investor for a long time since 2012 and I have seen the challenges and also your continuous commentary on the changes which we were doing. Thanks for all the hard work and right now where we are currently. My question was on each business segment, can we expect those breakdowns in the upcoming presentation so that we know where you will be investing more? I already know that we will be focusing on Infrastructure Management and Software Service, but there is more emphasis nowadays on the Cyber Security side. Are there any interests or focus more on those to capture more projects there or we will be focusing where we are core at?

**Nitin Shah:** It's a very well thought out, robust Company that we have created. Cyber Security is definitely very important for us, and we have invested a lot in terms of building up our Cyber Security capabilities and/or SOC which is almost 100+ seater in SEEPZ, Andheri. And we have been running SOCs for the last almost 15 years and we have a concept known as 360-degree cybersecurity. You name it and we have elevated ourselves into the most relevant Cyber Security measures.

We can take up that separately in terms of giving a full presentation as to what we do under Cyber Security. And Cloud, of course, everybody is riding on that, but in Cloud, we are more in terms of doing development using cloud native and CI/CD or Kubernetes that you talk about and that's where we would like to earn money, not in terms of just about providing infrastructure.

Smart city is also definitely a very higher-hanging fruit where we are very uniquely positioned in this country. If you start counting the number of Master System Integrators, you will hardly find any in this country besides us.

Since you are in HCL, I can tell you NOC support that we provide Infrastructure Management, and I am sure you will agree the kind of maturity that we have brought in in terms of our service delivery using service governance is unmatched. In fact, one of the best governance that we have created to serve very very large customers and we are creating our own IP on ADiTaaS front which is going to be very robust. It is one of the 53 Pink certifications that we have received. We are now not only talking about IT Service Management, but we are completely



talking about the entire services management of operation services that the large enterprise customer is talking about. And again, it is completely cloud ready. So, we can change whatever that we want at any time.

That is where and another investment we have done. I do not know whether people know about it. And that's where there is a depression on our margin is that we have registered our Company into various countries in the globe. For example, we have a full-fledged subsidiary in the USA. We can directly bill to Canada and have people on our payroll. In the UK, we have got ourselves registered. We have registered in Ireland, which enables us to deploy people anywhere in Europe, any European country that you think about. We have people in Germany and Netherlands and all. Then we are registered in China. We are registered in Singapore. We are registered in Australia. We are registered in Japan, a full-fledged subsidiary. And we are registered in Brazil.

These are the investments that we have done for the future earnings. So, you may find that a Company of our size we have so much of direct spread across the globe and our model is to get into direct to our clients. You might find this investment which we have done right now probably might give us much better results over a period of time.

**Karthik:**

Can we expect the breakdown in the investor presentation on each business segment by revenue? Currently, I feel most of the chunk is from Software Services and Integrated Solutions, is that a fair assessment. In Rs. 169 crore revenue, those are the 2 segments which are currently growing. Is that true?

**Nehal Shah:**

Karthik, what we have done is, from a segment perspective, we are only talking about Services and Solutions. And to keep it simple and people can relate to it, whatever is recurring in nature, which is annuity business, which is month-on-month billing or quarter-on-quarter billing for 3 to 5 years long term is bucketed in the Services segment. Anything that we do one time, it could be a one-time implementation of large smart city projects, or it could be store expansion projects or data center projects or migration projects that we do, will all go under the Solutions bucket.

For people to simply have a clarity of that, we have just kept right now 2 segments – Services and Solutions. And we feel that our idea is that the Services bucket should always keep on growing because that gives us steady growth and steady numbers year-on-year. However, the Solutions bucket is something which gives us the extra x-factor edge that we require to grow. Whenever we get large projects, the Solutions bucket

typically grows faster. But eventually Services is the bucket that we would want to look from a long-term stability.

**Karthik:** And even from a margin perspective, is it a fair assumption or at least the Services will have a more margin than the Solutions, which is around 12% or 13%? Is that right?

**Nehal Shah:** Absolutely, that is correct. Services will eventually always have better margins because we have a long time to optimize our cost also. Solutions is typically a smaller cycle of deployment where cost optimization is not as much possible as much in the Services business.

**Karthik:** From RoW, our main revenue is coming from the US, I feel. Is that true or is it also a bigger chunk from Europe or the EMEA region?

**Nehal Shah:** Right now, 70% of our revenues are coming from the US subsidiary. The other subsidiaries are now slowly slowly gearing up space. Where we have invested over the last couple of years, we will see the fruits coming in the near future.

**Karthik:** On the discontinued operation, you have answered that question. But I am worrying, like, is there a more discontinued operation we will have which will impact the balance sheet or we are done with everything whatever we can discontinue on the lower margin business?

**Nehal Shah:** Thank you for this question, Karthik. We have absolutely done away with everything that we had on our books. We do not see anything of such kind coming up in the future ever. That is the idea.

**Karthik:** Last question on the ROCE. What is our target for the upcoming year and future for 3 years? I know it is more than a 13% margin ROCE. That will continue to improve.

**Nitin Shah:** If you do not look into quantitative factors which is difficult to then guess how much it would be, but certainly, the strategy is to make the Company more and more strong over a period of time, which will help us in terms of acquiring new customers, at the same time increasing our margins. That's being said, overall that I am talking about. But if you ask your question exactly 13%, 14%, or 15%, I may not be able to and I am not looking into that kind of factor while running the Company, but I am always looking upon how we are positioned ourselves for the future earnings.

**Nehal Shah:** Just to add to it, Karthik, as we keep on increasing our top line, we will keep on increasing our bottom line also. And our ROCE will also be in the

upward trend. Since there is no CAPEX that is involved in our business, it is all eventually going to be helping in improving our ROCE.

**Moderator:** We have our next question from the line of Narendra Khuthia from RoboCapital. Please go ahead.

**Narendra Khuthia:** I wanted to know what your ADiTaaS platform is exactly. How do you onboard clients and what's the next step? What's the journey of the client after that?

**Paresh Shah:** Let me highlight that. We have 100+ customers today on ADiTaaS. It started its journey as an ITSM platform. Now it is an Enterprise Service Management platform including conversational AI and a lot of new technologies that you see. And so, it is a completely AIOps-based platform. The way it basically is positioned is it is completely DevOps based and cloud ready. So, it is very easy for a customer to adopt and scale unparalleled; he can scale unlimited. We have also multi-tenancy, multilingual, a lot of features on ADiTaaS which helps ADiTaaS to be easily deployed across customer bases globally. And this is how it has been deployed. The model that we sell is either it is taken as a subscription model on the cloud or sometimes very large customers take it as an on-premise. And the third one is obviously it gets bundled with Services.

This is how ADiTaaS is deployed, and it is a completely cloud-ready platform. It does not take more than a week or two to deploy it in a standard configuration. It's a completely automated, completely administered platform. It's a low-code no-code platform. I hope it answers your question.

**Moderator:** We have our next question from the line of Nikhil Oswal from Finterest Capital. Please go ahead.

**Nikhil Oswal:** Sir, one last question from my side about the clientele that we have currently. If you can just give some idea on the clientele and is there any kind of customer concentration?

**Nitin Shah:** I would put this not by naming client or vertical because we are having a client on almost all verticals. But the new trend which has come up in terms of an IT industry for services business is something known as SIAM (service integration & management).

What is generally happening is that there are 100, 200, or 300 vendors who support one client. Now, clients are finding it very difficult to

manage so many many vendors or service providers. So, they would like to consolidate to one or two or three max. And hence they create a kind of innovation. And that's a trend.

We have bagged 2 large deals, one in India as well as another one in the USA, a very large deal of \$100 million that we have bagged through a Tier-1 partner of ours. And that has helped a lot because we have removed about 200 service providers and they have signed up only with us. Same is the case with very large enterprise customers in India conglomerate kind of customers. All the vendors have been replaced by us for supporting them and we foresee a lot of such opportunities coming up where we are fully geared up as a one single stop for all the needs of infrastructure for our client. And that's the trend which is going to help us a lot.

**Moderator:** Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the Management for closing comments.

**Nehal Shah:** Thank you for your participation and engagement during this call. If you have any additional questions or require further information about our Company, please reach out to our team or contact CDR India. Please do take time to review our investor presentation and latest annual report to know more about Allied Digital. We appreciate your time and look forward to our next interaction in the coming quarter. Once again, thank you for joining us today.

**Moderator:** Ladies and gentlemen, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.

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