All e Technologies Ltd.
(Formerly: All e Technologies Pvt. Ltd.)
A 1, Sector 58, Noida 201301, India
Tel.: +91-120-3000 300 www.alletec.com
Regd. Office: UU-14, Vishakha Enclave Pitampura
Delhi-110034, India
CIN: U72200DL2000PLC106331

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Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C-l G Block
Bandra-Kurla Complex, Bandra(E)
Mumbai -400051

SYMBOL: ALLETEC
ISIN: INE0M2X01012

Subject: Transcript of Q1 and FY'25 Post Earnings Conference Call organized on July 31, 2024

Dear Sir/Madam,

With reference to the above-mentioned subject, kindly find enclosed herewith a copy of a transcript of the Q1 and FY'25 Post Earnings Conference Call held on July 31, 2024. The transcript may also be accessed on the website of the Company https://www.alletec.com/investorsalletec

Kindly take the information on your record.

Thanking you

Yours truly

For **All e Technologies Limited**

KANAK GUPTA
Digitally signed by KANAK GUPTA
Date: 2024.08.07 16:48:06 +05'30'

Kanak Gupta
Company Secretary and Compliance Officer

ALL E TECHNOLOGIES LIMITED

Q1 FY25
POST EARNINGS CONFERENCE CALL

July 31, 2024 05:00 PM IST

Management Team

Dr. Ajay Mian - Managing Director
Mr. Rajiv Tyagi - Executive Director
Ms. Ritu Sood - Executive Director
Mr. Sandeep Jain - Chief Financial Officer
Mr. Sandeep Salman - Head - Cloud & Managed Services

Call Coordinator

KAPTIFY

Strategy & Investor Relations Consulting

Presentation

Vinay Pandit: Ladies and gentlemen, I welcome you all to the Q1 FY'25 Post Earnings Conference Call of All E Technologies Limited. Today on the call from the management, we have with us Dr. Ajay Mian, Managing Director; Mr. Rajiv Tyagi, Executive Director; Ms. Ritu Sood, Executive Director; Mr. Sandeep Jain, Chief Financial Officer and Mr. Sandeep Salman, Head, Cloud and Managed Services.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements which may involve risks and uncertainties. Also, a reminder that this call is being recorded. I would now request the management to detail us their business performance highlights for the quarter that went by, the plans and vision for the coming year, post which we will open the floor for Q&A. Over to you, sir.

Ajay Mian: Good evening, everyone. It's always a pleasure to come and talk to you once in a quarter. So, without any further ado, let me just put up the presentation so we have some time at the end of it for the conversation. Do you see my slide?

Moderator: Yes.

Ajay Mian: All right … this was also put up at the NSE and our website sometime back. So, you can look at it if you want to. This is the standard disclaimer. Okay. So, in our last conversation we had spent some time giving an overview about the Alletec business. It was done at a certain level of detail, which I think is not necessary for me to repeat here. But I do realise that some of the participants in this call and some of the investors, now in the company are probably new, and they may not have been briefed about this before.

So, I have chosen to do a very small brief recap of what Alletec does. And then we will follow that up with numbers and other pieces. So Alletec is in the business of enabling enterprises do more with digital transformation. And when I say that, this includes multiple pieces.

The first piece that it includes is enabling the modernisation of the digital core of organisations. So, what does that mean? That means enabling their cloud journey, enabling automation, application modernisation, collaboration, data engineering, and AI, which basically together form the core digital backbone that an organisation needs for digital transformation. We then go ahead and work on their enterprise applications, be it the ERP applications for enhancement of their internal efficiencies, be it CRM applications for strengthening their customer engagements, be it application for management of human capital or their digital commerce applications.

We implement and customise these applications for specific industries and specific businesses. And while we are doing all of this, many processes need optimisation. So, we optimise the performance of an organisation by streamlining these business processes. And then, obviously, we automate them. And this is how the efficiency improvements come, and it also results into reduction in costs. We do system integration. Any organisation would have multiple systems that they need to work with. We integrate these desperate systems … be it ERP, CRM, or other business systems that these organisations require.

And with new technologies coming in, the numbers of these systems sometimes increase, and the need to integrate them also increases substantially. When you do all these things, it results into a lot of data, which is actually a gold mine for businesses to leverage. And we use this data to help them with their data engineering and AI initiatives.

And when we are doing all of this, the businesses require Change Management, which basically means that people in the organisation, not just people working in the organisation, but also the customers and vendors, they need to realign and change the manner in which they have been engaging in the past. So, this requires change management to be addressed for the business to be able to actually get benefits from the technologies and solutions that have been deployed with them.

At Alletec, we engage with these organisations to handhold and go through all of these things. So, you may think of us … what an Accenture does for a large enterprise, Alletec does for a midsize business. And when we are doing this, we obviously have to use technology platforms and one of the platforms that we use is Microsoft. We use the full Microsoft Stack, be it from their various platform offerings of identity, security management, and compliance, but we also go on and we use Microsoft Azure for the Cloud, the Power platform for low code, no code. And, all the applications that we typically know of - like the Microsoft 365, Dynamics 365, Data and AI - they sit on this foundation.

Various other applications are also detailed out on this slide. So, this is the foundation on which we work. We also work with other technologies, which are non-Microsoft technologies. Whenever we find that a solution is available, better and sometimes maybe cheaper without compromising quality, and from open source maybe, then we will go ahead and do that.

But Microsoft still forms the core of most of the work that we do.

Now - The numbers - probably some of you might have looked at them already. Our total operational revenue stood at ₹331 million. Our income from operations was ₹350 million. The EBITDA was ₹84.2 million, EBITDA margin was 24%. The profits have gone to ₹61.7 million. The net profit margin stood at 17.6%.

The total revenue growth Q-on-Q has been 8.9%, and Y-on-Y this has been 22.6%. The repeat and recurring revenue from customers has been about 90%. And in this quarter, we added 15 new logos to our list of customers. Some comparisons, we already spoke about the Y-on-Y revenue having grown 22.6%, Q-on-Q it is 8.9%. The EBIT growth has been 51.9%, Y-on-Y and Q-on-Q 9.1%. The EBITDA growth Q-on-Q has been 51.3%, and in Q-on-Q, it has been 8.8%. The net profit, Y-on-Y has grown 52%, and Q-on-Q it has grown 12%.

The EBITDA margin has been 24%, and the net profit has been 17.6%. So, this is a view of how our business has shaped up over this quarter. So the U.S., which is actually the Americas, includes Canada and U.S. both. In this quarter, it has increased substantially, and all others have been more or less how they have been in the past, but then the shift towards the U.S. business growing. (Next slide) The same numbers in charts. I guess I don't need to go over these again.

You can look at it at your convenience. This is our customer add. So, the revenue from the top five customers in this quarter has been 21%, and the revenue from the top 10 had been 30.5%. Of the 15 customers that we added, domestic customers added were 7, and the international customers added have been 8. This slide gives you a split of the services revenue or revenue from different industries.

So professional services like last time have been the largest contributor at 26%; trade and distribution has been 14%; manufacturing at 13%; food and beverages 12%. But most of food and beverages are also manufacturing. So, you can consider manufacturing as 25%, of which 12% is taken by food and beverages. The green energy and EPC has been 9%. And, so … I see Agastya has raised their hand. Agastya, should we address it now, or you want me to complete the presentation?

Moderator: You complete your presentation. Then we'll take up, he just raised it in advance.

Ajay Mian: Yeah. Sure. So, these are the other industries that we have been working with. Well, because Microsoft is an important platform that we base our offerings on, so I try and also give a view to how Microsoft is doing. So, Microsoft just announced their FY'24 earnings yesterday. Overall Microsoft Cloud has grown 22%, of which the Azure and other cloud services have been 30%, and Dynamics 365 has grown 20%. So, these numbers incidentally are amongst the largest in the industry. So, the core on which we are working is doing well globally, which augurs quite well for our growth as well.

From an operational updates point of view, our international customer acquisition has been improving. It's never easy. I would say we are trying to build momentum there, and would make more investments there. The one area which has been experiencing significant customer interest has been the area of RPA plus AI. Also, the Copilot from Microsoft and the data engineering piece of our offerings has been strengthening.

(Next slide) M&A - which is always a topic of great interest for everyone. We have been progressing on that. Unless something gets inked up, we cannot say exactly when, and what. But, one thing which I can mention here is that there is one case where we have signed a letter of intent, but I must also mention at the same time that this letter of intent is non-exclusive and is also non-binding at this point in time.

So, this company is evaluating the offers that they have because this was through an investment banker. But this is all obviously a result of our efforts that we have been making, and we will continue to make these efforts whether or not this one goes through.

(Next slide) Our growth drivers continue to be the same as we had discussed in more detail last time. The comprehensiveness of our offerings, Microsoft business is strengthening, our international focus is strengthening. We lead with IP. Several industry solutions, they form the backbone of what we offer, and the effort that we will put in our inorganic growth are the components, which will combine and give us the growth for the times to come.

Rest of the things are what we have already presented earlier. No change … these are the same slides as you saw (before) the Board of Directors are the same, the lead management continues to be the same. (Next slide) These annexures are what you might have seen in our financial statements, the CSR. So that's pretty much what it is. I would maybe just open the floor for conversation to have more time for it, rather than going through these slides that we have seen before. Is that all right?

Moderator: Okay.

Ajay Mian: Okay. Let me stop sharing.

Question-and-Answer Session

Moderator: So, we'll open the floor for Q&A.

Ajay Mian: Yes, please.

Moderator: All those who wish to ask a question may use the option of raise hand. We'll first start with Agastya. Agastya, you can go ahead, please.

Agastya Dave: Thank you very much for the opportunity. I apologise, my intention was not to interrupt your presentation. I was spot on in saying what he said. I'm sorry. Congratulations on great set of results. So, my question was exactly on that slide that you used to describe what is happening at Microsoft.

So, should we be looking at you as a subset or a derivative of Microsoft completely, until what scale? Because, if I look at general IT services, that industry is not growing that much. But Microsoft Cloud offerings are obviously the fastest growing piece in the entire landscape. So, should we be looking at you as a derivative of Microsoft Cloud, until what scale?

Ajay Mian: Well, like many other questions, the answer is yes and no. No, in the sense that we don't do everything that Microsoft does. But, yes, in the sense that most of what we do comes from Microsoft. Now let me elaborate on that. Microsoft, for example, works on various different technologies. For example, they work on gaming, right? They may work on some hardware. Their Surface laptops are very popular. We don't do all of that.

One important part of Microsoft Business is LinkedIn, right? We don't do anything on that area. But what we do is the Business Applications. On Business Applications, and anything which is adjacent to it … we do everything. So, what I presented in my very first slide is … you see Microsoft is not only addressing businesses. They are also addressing end consumers, you and I in our individual capacity. So, their mission is for every person and for every organisation. Now Alletec is focused only on businesses.

We don't address the needs of specific individuals. Now for those businesses, we enable them for the modernisation of their core, the digital core modernisation. We go on with their enterprise applications. We do system integration, process optimisation, data and AI, and the change management. So, all of that we do, I would say 90% or so of this, is built on the Microsoft stack. There may be about 5%, 10%, which is built on other technologies. So that's pretty much, I would say summarises the situation there. Does that address your question?

Agastya Dave: Yeah. Kind of, sir. Yes. You covered a lot of it. Second question is on your cost. So given the growth that we are seeing in your business and also in Microsoft, right, the opportunity set is obviously pretty large for you. So how will your costs move over a period of time? Because if I mean there is obviously a lot of, operating leverage in the business, and there is a lot of growth. So how should we look at the costs? And then associated question, what kind of employee wages do we expect going forward, and what kind of attrition are you seeing?

Ajay Mian: Sure. So, if you look at the business, you rightly said our business is not like a typical IT services business. In IT services businesses, the revenues are a direct multiple of the headcount. You deploy a certain number of people for a certain job, get a certain revenue from it, which means that the correlation between them is actually linear. In our case, however, a part of our revenue comes from the product. And this product could be, standard Microsoft product, and this product could also be our own IP. Now this comprises of nearly 42% of our overall revenue. A large part of it, an increasingly large part of it, is cloud business - which means that customers have to pay for this as they go - on usage basis. As a result of that, to double our revenue, we don't have to double our headcount. Having said that, it is true that the people cost is increasing, and we always mention that. If you look at our SWOT analysis chart, you will find that mentioned there. But as we increase our international business, we are able to tone down the impact of that a little bit. For example, the number that you see for this quarter have taken into account a significant part of salary increases that will happen, now this year.

So, it's a combination of things. Because not all of our revenue is services revenue. Two, because we also try to not increase (substantially) our international costs, but overall people cost will go up. There's no doubt about it. And when we hire people internationally, and we will have to hire some, people cost will go up. But this is like one of those things, when you scale and when you try to increase size, you will have these instances where sometimes you will have some cost pressures without which you will not be able to grow the revenue.

Agastya Dave: Got it. One final question. In the 42% of the revenue that you said is not traditional IT business, but more like a product, or there is a product orientation to that. In that, do you offer SaaS offerings? Do you offer licenses? So, you mentioned recurring revenues, right? So, is this the recurring revenue I understand in product companies, or is it recurring revenue as in IT services where there is an annuity because it's a long duration, project? So, if you can distinguish that, so I'm slightly confused there. The 42% revenue that you just mentioned?

Ajay Mian: Yeah. Sure. Let me ask Rajiv to address that. Go on, Rajiv.

Rajiv Tyagi: Yeah. Agastya the 42% that you are saying in the product, it is the SaaS offering that we provide to the customers. And there is a regular annuity till the customer churn doesn't happen. And on top of it we continue to provide services, so there can also be the service component that you are mentioning typically for the services company, which is where we'll have an annual maintenance contract where, again, it's our known visible chunk of revenue that will come from the services side. So, it is a combination of both the SaaS product license revenue as well as the services revenue.

Agastya Dave: Great. Thank you very much for answering my question, and congratulations again. Thank you very much, Vinay bhai.

Moderator: Thank you very much. Thank you, Agastya. We'll take the next question from Bhavesh Bhatia. Bhavesh Bhatia has put his request on chat. Bhavesh, you can go ahead, please. ……………We'll take the next question from Pradyumna Choudhary. Pradyumna, you can go ahead, please.

Pradyumna Choudhary: Yeah. Hi, congratulations on a good set of numbers.

Ajay Mian: Thank you.

Pradyumna Choudhary: So, my first question is, I'm a bit new to the company, so some of these might be a bit rudimentary. But my first question is if you can just name some of our Indian as well as global peers we compete with, especially on the Microsoft stack, the offerings we are providing to the customers. So, who are some of our peers?

Ajay Mian: Good. Okay. So incidentally, our competition when we are in India is very different from the competition that we face when we are, let's say, in the USA. In India, most of the times, our competition is from the big four consulting company. So, PwC, E&Y, Deloitte, sometimes Accenture. So, these are the companies which obviously have a large gamut of offerings, but one of those (offerings) is - doing what we do. So those are the companies that we often find in competition here.

When we come to U.S., however, there are some pure play Microsoft Business Applications companies here who are very large, and we do find them in this space here. And there are some midsized also. I can give you some names, but you may not be familiar with those names. But, nevertheless, some of the significantly sized Microsoft Business Applications focused partners, here in U.S. are companies like, MCA Connect, HSO, Velosio. There are a couple of others. In U.S., it's very rare that we would come across a big five or a big four in competition.

Pradyumna Choudhary: Understood. And what would be the reason for this? Like, in India, we have these consulting companies, who are into a similar business, whereas in U.S., that's not the case.

Rajiv Tyagi: Can I take this one?

Ajay Mian: Yeah. Please go ahead.

Rajiv Tyagi: Yeah. One of the key reasons is that all these big four, they have the back office for the Microsoft services in India. So, their IT arm back office shared services will be in India, and they try to serve their partners in other parts of the world. And for these resources, because the practice is in India based out of India, for their resources to get trained they also get into the Indian market to get the implementation projects, so that they can train their resources.. So this is one of the reasons. Obviously, they'll be working with their primary objective - to work with the Fortune 500s globally, but their workforce gets trained in India.

Pradyumna Choudhary: Understood. Very helpful. Second is, we seem to be quite strong when it comes to Microsoft Business Applications. But as a risk mitigation measure, considering we never know what new program comes up by which other big company. Do we have a dedicated team which is exploring and learning other application stats as well all the time?

Ajay Mian: Yeah. See, there is a separate R&D team, which works on building products and exploring technologies. So, I can, for example, share with you that there are areas on the Data and AI side where there is competition from other providers. Microsoft is pretty smart, a lot of competitive offerings are also hosted and provided from Azure. It brings competing products also from its platform.

The right way to look at us is not that we are bringing to market what Microsoft provides. Our mission is to bring solutions to our customers and help them go through this digital transformation journey. Now one of the vehicles for doing that is Microsoft. And whenever we find that there is something which is available better somewhere else, we would go and pick that up. We just happen to be doing that in Microsoft (because) Microsoft has been doing well. Their product lines are improving. Their market share is improving. Their overall branding worldwide has been growing over the last 10 years or more. So, just for the heck of it, we don't go outside Microsoft. Our primary objective is providing solutions and services to customers.

Pradyumna Choudhary: Understood. And last two questions from my side, then I'll join back the queue. So one is, just wanted to understand whether most of our business comes from customers who haven't really embarked on digital transformation journey, or is it from customers who want to further modernise their systems based on the latest offerings available in the market? Just to get a sense on the technological sophistication of the customers. That's question one.

And question two is, in terms of our business, we already seem to have a very good technical team out there, right? We have our own IP also in certain products. But from a business development point of view, do you see there is further scope for improvement? Do we have a good business development team now sitting in U.S., or do you think it still needs further building up over there? What's your sense over there? These two are my questions.

Ajay Mian: Sure. So, you see digital transformation is a journey. It's not like somebody is there, or not there. In fact, there would be hardly anyone, worth its salt who wouldn't have made some initiatives. But then the rate at which technology is evolving, the rate at which new solutions are coming to market, and the rate at which businesses are using them and need to leverage them, this is unprecedented. So, there is a significant amount of, I would say replacement.

So, somebody who has been using a product for the last couple of years now sees that he needs to move to a different product. Somebody who had been using, let's say something as fundamental as an ERP or a CRM solution on premise, let's say for the last 10 years, now realises that he needs to move to cloud, because otherwise he cannot leverage his data. So, a significant amount of these customers are the ones who have already been doing something. There is hardly any business out there who has not done anything on this side. Having said that, we do come across such situations, and that only brings more opportunity to us.

Pradyumna Choudhary: Understood.

Ajay Mian: Okay. Your second question was on our business development. Like for a customer, digital transformation is a journey, similarly, for us, business development is a journey. It will always stay like that because we need to continue doing more of it. But one thing that we all have to also recognise is the solutions that we sell - nobody buys these solutions simply because we have reached out to them. It's not an impulsive purchase. These solutions are bought when customers think that they have a need for it.

So more important than bombarding customers with our offerings, it is important that they recognise what we do, and come to us when they need it. For this sometimes, marketing is more important than sales, right? So, we of course, we do have a strong team, and we are continuing to build that team particularly in the international geographies. But this will remain an ongoing process, both from the development of sales capability point of view as well as marketing, and then of course presales.

Pradyumna Choudhary: All right. This was really helpful. Thank you and all the best.

Ajay Mian: Thank you very much.

Moderator: Thank you, Pradyumna. We'll take the next question from Bhavesh Bhatia. Bhavesh, you can go ahead, please.

Bhavesh Bhatia: Good evening, Sir.

Ajay Mian: Good evening.

Bhavesh Bhatia: Congratulations on a great set of numbers. And coming on the acquisition front, so you said that you have submitted the LOI. So, what is the timeline to finalise this - like a quarter or 90 days or 180 days? How much time will it take to finalise this deal if this goes through?

Ajay Mian: Bhavesh, to be honest, on this front I don't want to trigger any speculations. And these calls are done with the intent of sharing information, sharing data, and as I said - like many other things, and I have been saying this for the last several calls - this is an important initiative for us. We keep working on it. I've always mentioned what is in the pipeline that we have. So, this time, the status has been and I have been personally in U.S. last couple of months, that we do have one where we have submitted an LOI. (But) Sometimes your biggest enemy is 'no-decision'. So, they do have a couple of offers, but I think we cannot push, and I would not like to say anything, which triggers a speculation on this front. We will fill you in with more details as we have them available.

Bhavesh Bhatia: Got it. Could you throw some light on how big is the company like, in terms of revenue and team size if you compare it with Alletec?

Ajay Mian: Well, it's not small. And I think, beyond this it's not appropriate for me to say anything. As I said, all of these things can trigger speculation, which should not happen. Like I have been saying every time, it may happen (or) it may not happen, right? If it happens very good, if it doesn't happen, we'll keep trying. It's not trivial. It's sizable. If it happens, we'll be happy. If it doesn't happen, we'll keep working at it.

Bhavesh Bhatia: Okay. So, the business is the same. Like, we are acquiring a Microsoft company.

Ajay Mian: Let me correct you again, Bhavesh. We are not acquiring. We are not there yet. We have only submitted an LOI. This LOI may move further or it may not.

Bhavesh Bhatia: Yeah. Exactly. It may or may not. But if it does, so the business is the same?

Ajay Mian: Yeah. It's the same business.

Bhavesh Bhatia: Great. That's it from my side. Thank you, and all the best.

Ajay Mian: Thank you very much.

Moderator: Thank you, Bhavesh. We'll take the next question from Varun Agarwal. Varun, you can go ahead, please.

Varun Agarwal: Thank you for the opportunity. Congratulations, Ajayji and team for the great set of numbers. So, the Data Centre business in India in terms of capacity, it's going to double in the next couple of years or so. Are we looking at doing something in that?

Ajay Mian: We have at this time no plans to set up a data centre. We will continue to stay focused on building business applications. And obviously, these applications are run currently in some cases from private data centres, (but) increasingly more from Microsoft Azure. And for (other) different things, we may have to use some other data centres. But we ourselves as Alletec are unlikely to get into the Data Centre business in a foreseeable future.

Varun Agarwal: Okay. And in terms of revenue share, how much is coming from data analytics, approximately?

Ajay Mian: It's a little hard for me to say, because in many of these projects are, they get merged. So, you may sign up, let's say, a $100,000 project, which will have components from CRM, components from ERP or RPA, and AI. So, we have done the split, industry wise starting last quarter. I think in a couple of quarters, we might be able to start giving you also the split on the data engineering and AI side.

Varun Agarwal: Thank you for all the best.

Ajay Mian: But the most important thing is that the customer interest in this area is building up, and we are going to more and more customers with these offerings.

Varun Agarwal: Okay. Thank you, and all the best.

Ajay Mian: Thank you very much.

Moderator: Thank you, Varun. We'll take the next request from the chat. Jaydev Mandia, you can go ahead and ask a question, please.

Jaydev Mandia: Hi, thank you. Thank you very much for the presentation. I had one quick question. I wanted to ask you about the cloud part of product that you mentioned that you have IP for, which brings 42% of the revenue. By any chance, does that product provide any services in cloud? If so, what are those services, and how would it be differentiating from the services that are provided by Azure or Amazon Web Services already, and how would it compete against? Thank you.

Ajay Mian: Yeah. So, your question requires some clarifications. Rajiv, you want to take that?

Rajiv Tyagi: Yeah. So, our IP on the cloud is not actually kind of competing with Azure, but it actually uses the Azure platform. And on top of that, what we have built is the industry solution. So, where we'll have the accelerators which are part of our IP. So, it doesn't have any tools which are kind of competing with Azure or AWS, any of the cloud providers.

Jaydev Mandia: So, what I'm trying to get at is, how are these tools, differentiating? How would Azure or like AWS not offer these tools on their platform? That is what I'm trying to put them. How hard it would it be…?

Ajay Mian: Let me add a couple of sentences, okay? So, you have to understand what does Azure predominantly provide. Azure is, first thing it provides is infrastructure as a service. So instead of having your own data centres, having your own servers and network, you go and take it from the cloud. That's what Azure brings to you. That's what AWS brings to you. So that is Infrastructure as a Service.

They also bring to you some Platform-as-a-Service. They also bring to you Software-as-a-Service. What our IPs however are, they are specific industry solutions which leverage all of these. So, for example, our industry solution on education uses the Azure infrastructure and some of the platform offerings, and some of the SaaS offerings from that. But then they bring together the domain knowledge and the industry knowledge of education that we have, which have been bundled now into a product, which is named EdTech 365 that we give to our customers. So, our customer is consuming EdTech 365, which in turn is consuming Azure.

Jaydev Mandia: Thank you very much. That's very clear. I was under the impression that it's just additional tooling around the infrastructure itself, but if it's a whole product and split. I wanted to ask you one other question. Sorry, you mentioned you didn't want to answer any more question, like, on acquisition, I just wanted to get a rough idea. In terms of when you go about your general acquisition strategy, is it that you think that you would want to acquire companies with the synergies in terms of the tech stack that you use, i.e., Microsoft products, or you thinking you would want to diversify to a different tech stack as you go about acquiring?

The second question about acquisition is do you intend to acquire companies in cash or in stock going forward? Thank you.

Ajay Mian: Sure. So, our first priority is to get more wallet share from our customers, which means if we were some years back doing only ERP, this customer was for sure spending money on CRM, or on some other technology needs that they had, but they were spending that money with someone else. So, with the broadening of our offerings, we are working to pick up the adjacent revenue to what our initial offerings have been, so that the customer's dependence on us, reliance, not dependence I would say, becomes higher. And that is what results into increasing percentage of repeat and recurring revenue.

We will (may) go and look at a completely different technology. We are not close to it. We have looked at some in the past, but it will have to be compelling. So obviously, everybody knows that going and finding completely new customers is significantly more expensive than taking a higher wallet share from your existing customers. So, there are very clearly three different areas that we have been looking at. One area is - somebody who does exactly what we do, but in a different geography. The second area is the area of data and AI where we have a small practice, but we are looking at companies who have maybe a bigger practice, and who can add to what we do. And the third area is the area of digital commerce where we do something, and we know that the area of digital commerce has some very strong players globally. What you acquire is also dependent on what you come across. And you work with the different agencies and different investment bankers to get a deal pipeline. But anyone who has been looking at this, trying to do this, knows that it's not easy. It's not predictable at all. So, we are not saying no, if something comes across, but it will have to be something which is not completely different from what we do. For example, we would never go and invest if somebody was trying to set up a data centre. But if somebody was working on a different technology on the data engineering and AI side, we would. Does that answer your question?

Jaidev Mandhiyan: Yes, sir. It does. And in terms of…

Moderator: Sorry to interrupt, Jaidev. Since we have many people in the queue, I request all participants to limit their questions to two.

Jaidev Mandhiyan: Thank you.

Ajay Mian: Thank you.

Moderator: Thanks, Jaidev. We'll take the next question from Sandeep Agarwal. Sandeep, you can go ahead, please. Sandeep? …………We'll take the next question from the chat. ……………..Okay, Sandeep, you can go ahead.

Sandeep Agarwal: Yeah, just data points question. So, what is the cash balance as on 30 June '24? And any plan you want to share to deploy it?

Ajay Mian: I think the cash balance is given in the financial statements that we have shared.

Sandeep Agarwal: As on 30th June.

Ajay Mian: As on 30th June, Sandeep Jain you want to take that?

Sandeep Jain: As on 30th June it is about, including all money in bank, FD's, it is ₹120 CR.

Sandeep Agarwal: ₹115 CR?

Ajay Mian: ₹120 CR.

Sandeep Agarwal: Okay. Is there any plan to deploy?

Ajay Mian: Yeah. And that's what we have been discussing for some time. So, our primary objective has been to deploy this money for inorganic growth. We are continuing to work on it. So that's one. The second is that we are looking to invest more money to build our sales, and business development bandwidth, particularly here in the U.S. So, this is where this money will be spent.

Sandeep Agarwal: And my concern is regarding … we are regularly, the cash from operation is approx ₹7 crores approx from this quarter. So, I just want to know the exact, what we want to plan with this.

Ajay Mian: That's exact, what I'm mentioning is exact. So, now some of the acquisitions are not cheap. They could be sizable. And if you're trying to build, increase sales presence here in the U.S., it doesn't come cheap. People here are expensive, so this money will be deployed there.

Sandeep Agarwal: Okay. So, my next question is regarding … I just want to know any order book or pipeline contract value regarding. just want to share, more colour on it?

Ajay Mian: Yeah. We have mentioned that as an organisation we look to keep pushing ourselves to organically grow at a rate of somewhere between 20% to 25%. Unlike a BPO, KPO operation where contracts and deals are signed for multiple years, A typical BPO, KPO deal get signed from anywhere between 5 to 10 years. In our business, we have repeat business from existing customers and we said that number is, that percentage is, as high as 90. But we don't feel it appropriate and even necessary … we kind of put up the numbers for our signed-up projects from the point of view of order value. Because these projects are also milestone based, and they are for periods ranging from six months to 12 months. Even if we were to do that, it will not bring any additional information or knowledge to you. On the other hand, some of this could be misinterpreted and could be misleading.

Sandeep Agarwal: Okay. So, what is your base of calculation to plan or grow 20% to 25% per annum? How we calculate it?

Ajay Mian: Well, you see some of these things are calculatable and some of these things are expectation. So, we say that when we look at our customer base and we look at our last several quarters, we see that what part of the revenue is repeat and recurring, and what is the new business that we are generating. So, when you put these things together, you are then able to create some kind of a model where you say, this is what we look to do. Well, there could be some quarters where that doesn't happen, but there could be some quarters where you do more of it.

For example, in the last quarter or in the last year, we thought we will do between 20 to 25, but we actually grew by 30. This will become, I agree. It may become little increasingly difficult as the revenue base increases, but then you have to put some stakes on the ground and then keep pushing for them.

Rajiv Tyagi: And just to add to what Ajay said, as part of the planning, the base for the planning - one, whatever repeat business. Two - we may see whatever is the pipeline, and what is the repeat market in that industry segment. And three - very important that our joint business planning with Microsoft. Because there are obviously very important strategic initiatives of Microsoft and we try to see that how best are we getting aligned, what are the campaigns that we are going to run. And then we jointly create a business plan. So put together, we then say, okay, this is what we are targeting. Today, given the pipeline and order book is what can give comfort for the target growth that we are aspiring.

Ajay Mian: In fact, the other thing, I don't have yet formal approvals taken from these organisations, but there are at least two large organisations, global organisations who have sought to partner with us, to help them in doing Microsoft projects, globally. So, some of those initiatives are in progress, and we may have some more news on that front in the next quarter.

Sandeep Agarwal: Okay. Thank you.

Moderator: Thanks, Sandeep. We will take the next request from the chat. Prachi Somani, you can go ahead and ask your question, please.

Prachi Somani: Hello, everyone. Good evening. Thank you so much for the opportunity. I had a question around, first - just want to understand the genesis of your partnership with Microsoft. And, are you also planning to expand with other cloud service providers, either likes of Google, AWS? So, a little colour around that. Thank you.

Ajay Mian: Sure. Our relationship with Microsoft is very old. Almost two decades old. And I say two decades because it was in 2004 that Microsoft acquired, it was actually in 2002 that Microsoft acquired Navision and Great Plains. And we had already been working on some product lines which those companies had. And from that time, our association with Microsoft started building up. But then we have done multiple things with Microsoft over this period of time, not just deploying their solutions to customers. On Microsoft, we have also been their ISV development centre. So, we help some other partners move their solutions to cloud. We have been a Master VAR. We help other smaller companies, very small companies, to bring their solutions and services to market and address the needs of relatively small customers. We have also been working very closely with the engineering department of Microsoft. Some of these products, particularly, initially it was the Dynamics NAV and now it is Dynamics 365 Business

Central, we do multiple things on that. We work on building new features there, new functionality, we do sustained engineering work, which means that we fix bugs in the software, and release them to Microsoft for them to release to their customers. We have done in the past some testing and testing automation. We help them in various different ways. And then we are connected with them in multiple geographies. We are a partner with them in India, in the U.S., Canada, Africa, Singapore, Australia. So, it's a multipronged relationship. We are questioned whether we will do the same thing with somebody else. Well, there has to be a reason.. There is no need for us to go to AWS when we get competitive infrastructure and platform and software services from the Microsoft set of offerings.

Incidentally, some of you may not know, the cloud revenue of -- just pure cloud revenue of - AWS plus Google, in fact,….. Azure has now surpassed that number. So, it's doing well, and there has to be a reason for us to do anything (else). If we come across that reason, we will. Till such time, we will continue to go in the direction that we are going.

Prachi Somani: Understood. That's helpful. So, we don't have any exclusivity with Microsoft per se, but it's just that from a business standpoint, you don't see any merit in kind of expanding it, with other cloud service providers yet.

Ajay Mian: Neither Microsoft has exclusivity with us, nor do we have exclusivity for Microsoft. Our sole objective has always been, and will remain, to bring solutions and services to our customers. We will use for their digital transformation whatever products and platform and technologies are the best suited at that point in time.

Prachi Somani: Got it. Thank you. This is very helpful.

Ajay Mian: Thank you.

Moderator: We'll take the next question from Aastha Jain. Aastha, you can go ahead, please.

Aastha Jain: Hello, team. Thank you for the opportunity. So, I have just, two questions. First one to start with, I wanted to understand end product revenue, which is 40% to 45% of our total revenue. Do we bifurcate that how much is coming from our IP?

Ajay Mian: Well, yes. The percentage from our IP is somewhere between 5% to 10% of that.

Aastha Jain: Okay. Does this IP give us an edge over other peers or competitors?

Ajay Mian: It does. And the reason it gives that edge, the value of that IP is far more than the direct revenue we get from it. Because this IP becomes instrumental in us winning deals. So, for example, if a travel company is looking for a digital transformation solution from their operational side or customer engagement side, they are not looking at just an ERP or a CRM. They are looking at a solution for travel industry. So, when we go there and when we talk to them, we are not showing them a standard ERP. We are showing them a travel solution. The same is true for other industries. So, this is the value that our IP brings, and this is the strength that we play on. This is what makes our offerings compelling for our customers.

Aastha Jain: Great. So, can I directly say that that's our right to win against our peers?

Ajay Mian: Nothing comes to you as a right - because there is competition in the market, and everybody is trying to do things on their own. And we love competition because they help you create the ecosystem. It keeps you on your toes. But I would say it's our ace, a trump card.

Aastha Jain: Got it. My second question is, as you know and you mentioned in your previous calls that, our revenue from international market is going to increase, and that's what is happening. So, what would be our go-to-market strategy?

Ajay Mian: The go-to-market strategy is multipronged. You go to customers who have had old versions of the solution and coach them and educate them on what new technology will bring to them, what business benefits they will get out of it. Your go-to-market also is to build thought leadership position in certain specific areas, use marketing. So, that in fact makes marketing more important than sales sometimes. So, the go-to-market is go to existing installed base, look at customers who are looking to undertake the journey, or new pieces of the same journey, and do enough marketing to strengthen these areas.

Aastha Jain: Okay. And my last question would be, what would be a recurring revenue in percentage terms?

Ajay Mian: It's there in the slides. It's ~ 90%. 90% is recurring and repeat.

Aastha Jain: Got it. That's it from my end. Thank you.

Ajay Mian: Okay. Thank you very much.

Moderator: Thank you, Aastha. We'll take the next question from Vinay Aluri. Vinay, you can go ahead please.

Vinay Aluri: Yeah. Hi. Thank you so much for taking my question. And congratulations on the great set of numbers again for this quarter. So my question was on this. So, in the slides when you said in the inorganic growth, you are looking at data and AI centric growth too, which I see as emerging trend in the markets because there is a lot of data.

And then even when I see AI or Samsung, how they are progressing, they are also building much into AI. So what kind of leverage that we have as our company from the data AI perspective? As you mentioned earlier and for some answering some of the other question, are you looking at AI by acquisitions or any other sources?

Ajay Mian: Okay. So, couple of points there. First of all, when we look at leveraging data and AI, it is intended again from what brings benefit to business. We have to see what does a business typically use data and AI for? The data is used for getting insights. And how are these insights used? These insights would be used for automating certain decisions. So, you can automate processes. And when you automate decision making, you speed up the whole thing. You can also automate workflows. The AI helps you get insights into areas that you haven't looked at before. It gives you insights and it gives you patterns that you have not recognised before.

And when all of this happens, businesses are able to create new business models, new offerings, new products, and understand their customer behaviour and understand their customers buying patterns, which is something which may not be available through simple reports and dashboards. So that is how AI is used by businesses. And we do have our own internal team. It's a small team, but it's working currently with several customers. And that's the team that we are looking to strengthen and expand.

Vinay Aluri: Okay. Yeah. Thank you. So, we're also looking at acquisitions in this particular space also, sir, or is it like we still not decided up anything upon that yet?

Ajay Mian: No. We are very clear. We have already given a mandate to some investment bankers to look for appropriate organisation in this area as well.

Vinay Aluri: Yeah. Thank you, sir. That's the question I had. Thank you so much, and I wish you all the best for the future quarters also.

Ajay Mian: Thank you very much.

Moderator: Thank you, Vinay. We'll take the next question from Rohan Mehta. Rohan, you can go ahead, please.

Rohan Mehta: Thank you so much for taking my question, and congratulations on a great set of numbers. My name is Rohan, and I'm from FECOM family office. I have three questions. So, what are the two areas of focus where you would personally spend time on in 2025? And what, according to you are the two major risks that you foresee that can dampen or slow down your growth with your prospects over the coming two-to-three-year period?

Ajay Mian: Sure. The two areas that I would personally spend significant time in would be - one, helping Ritu to strengthen the business development that she is currently doing in the U.S. So that's one. And second is, obviously, we spend time in evaluating potential inorganic growth opportunities.

I would add to that a third one, which means a good amount of time also goes on engaging with Microsoft, understanding from them how things are (market), building those relationships and pipelines. And that's an area where I would say, I play a supporting role to what Ritu does. Rajiv also works with some partners, and engages in some project opportunities internationally. Those are specifics, but on a broader level … Ritu, you want to say anything further?, You might want to say where I help you or I don't …? She may say, no he doesn't help me (laughter) … then I will start doing something else … (laughter). Go on …

Ritu Sood: I think … yeah, it's a common goal. It's a journey that we have to pave (the path on) together. And especially over the last couple of months, you being there in U.S. has significantly helped. And in any case whatever efforts have to be done, we are doing those and we will continue to put the needed amount of effort in fuelling this engine expansion.

Ajay Mian: So, your other question was about the risks.

Rohan Mehta: Yes.

Ajay Mian: Well, I think some of the risks that we face are the same which any business would face. So, if there is any broad macroeconomic change that happens, it will impact everybody, and that may impact us. One thing which Tech companies always have - Tech companies for whom services is an important part of offerings. - they face increasing cost of people. So that continues to be something that we have to keep in check, and we have to keep monitoring. So that's really the other thing. Well, other than this, I really can't think of anything which can dramatically, impact.

Rohan Mehta: Okay. Just to follow-up on the U.S. business. So how will the mix of the U.S. based business grow for FY'25 since you're focusing now over there? And, basically, if your overall revenues they grow by let's say, X percentage. So, the U.S. based business, will that grow by X plus 10% or X plus 20%? Could you give some colour on that side of the business?

Ajay Mian: That maybe a little hard for me to say, because we are talking of very short timeframes. When we look at a quarter, by the time you do this earnings call, you're already half the way down the quarter. So, it's kind of, it's an ongoing process. But I would say - if you see, we already increased our international business percentage in this quarter. I would think for the next couple of quarters, we would definitely want that we cement this. It may increase somewhat, but part of this overall percentage of international business is also coming from Africa and other regions. But I would say that our efforts over the next couple of quarters would be to push the U.S. side from the current 61% to somewhere closer to 65% or more.

Rohan Mehta: Got it. My final question to you is, so your percentage of revenue from your IP is at about 5% to 10%. How would you look at this number, 3 to 5 years from now purely from an aspiration standpoint? Where do you see this?

Ajay Mian: It's important, but (at the same time) actually not so important. The revenue that we ascribe just to our IP may appear small. It may be only, let's say, 10% of the overall deal. But the thing is that - without that element, the whole deal may not have come. So, you have to see the more important thing is the influence on the overall revenue by this IP. And I can say that this influence on the overall revenue by this IP will increase. Whether the revenue that ascribes to this IP itself increases or not, that's hard to say.

But we are more interested that people see us as somebody who understands their industry, understand their business, has some value to bring, which is a USP in comparison to somebody else who's bringing you the same product line from Microsoft and skills on those product lines. So, our IPs bring that differentiation. So, they influence a significant amount of revenue. It doesn't matter whether the direct revenue that we get from those products increases or does not increase.

Rohan Mehta: Got it. Thank you so much for taking my question. Wishing you all the very best.

Moderator: Thank you, Rohan. We'll take the next question from Urvi Shah. Prithiv you can go ahead, please. Prithiv Shah? ……………Okay. We'll take the next question from Urvi Mutha. ………..Aditya, you can go ahead and ask, please.

Aditya Mutha: Hi.

Ajay Mian: Hi, Aditya.

Aditya Mutha: Good afternoon. So, this is the first time I'm sitting on your call, and I'm not so well-versed with IT companies. So, excuse me for asking some elementary questions.

Ajay Mian: No problem.

Aditya Mutha: How exactly a typical contract with customers looks like?

Ajay Mian: A typical customer contract would look like … so let's see what are the elements of a contract. The elements of a contract are product, this product would have some Microsoft products and our IP, in a typical contract. It would have implementation services, and sometimes it will also have support services after an implementation. In some cases, the whole contract, okay …..now if this contract is done with a customer in India, and I'm talking of, let's say, a midsized contract, very often the percentage between the product and services could be 55:45 or even 60:40 if it is a sizable customer buying a sizable license.

In the U.S., however, this percentage is more like 25% for the product and 75% to the services, because we are able to have a better charge out rate here. Whatever we get out of services, it all comes to us. But the part where we buy the Microsoft product, we have to pay to Microsoft a percentage of the product revenue that we get for procuring this product.

This product percentage, it's kind of dependent on the product which is being taken. It may range, the margin that we retain on this may range between 15% to 30% varying from product-to-product. The rest of it, it's all services, consulting, support. That's what we get.

Aditya Mutha: Okay. Got it. So, which exactly portion of this contract is sticky in nature? So, you said recurring revenues are 90%, and we in our company have a SaaS component also. So, SaaS business generally are sticky in nature, right?

Ajay Mian: Yes.

Aditya Mutha: So which component in this contract part is sticky in nature, which gets us revenue on a recurring basis?

Ajay Mian: Sure. So, first of all, almost all the product which are sold currently are recurring, because the customer will have to keep paying for it if he wants to use the solution. So, you will pay for it month-on-month, quarter-on-quarter, year-on-year. He will also pay for whatever little part is our IP. And then when it comes to the services side, the implementation happens once. But then the support, enhancements, fixes, these are something which are perpetual.

But more importantly than that is to understand what the stickiness of our business is as a whole because we are not bringing one solution or one offering. And digital transformation is not an event. Digital transformation is a journey. So, the customers may first start by saying, I want to increase my operational efficiencies, so I need an ERP. So, he will say on the ERP, can you first look at my, let's say, sales, purchase, financial accounting? And then let's say that is settled, now can I look at manufacturing? Can I look at distribution? Having done that, now can I look at my sales and customer service processes? If they have a field service, can I bring in field service? Can I look at marketing? And in the process, when data gets accumulated and they may want to do various different types of automation, and then you have data in it. So, it's a journey. So, it doesn't finish with one product. So even if one implementation is over after some time, which could be a couple of months or a couple of years, he will have something else to implement and then something else. In the meantime, he stays engaged because he needs support. The support may be needed for enhancing the solution for bringing new features, they are enabling him on the new modules or the support may be in enabling his new employees on the platform. So, all of this put together, brings stickiness to the business.

Aditya Mutha: Okay. One follow-up on this. You said product is also sticky recurring revenue, right? So, if you are deploying Microsoft 365 to a customer, you are charging for that particular Microsoft 365 on an monthly or quarterly or annual basis, right? Is my understanding correct?

Ajay Mian: Right. Correct.

Aditya Mutha: So, on each and every charge or on each and every bill, which we are raising to that customer, we are making 15% to 30% of the margin, right?

Ajay Mian: Depending on product line. So, Microsoft 365 itself does not give that margin. But most of our offerings are Dynamics 365, which bring us those margin and Azure, which give us good margins. And you are right.

Aditya Mutha: Okay. Got it. And one last question…

Moderator: Sorry, Aditya, I'll have to interrupt. Due to the time constraint, we can only take these many questions.

Aditya Mutha: Yes. Thank you.

Moderator: Rajesh, we'll take the next question from you. You can go ahead, please.

Rajesh: Yeah. Hi, good evening. I wanted to know, are you exploring any opportunities to develop new IP products, other than what you already have? And if yes, then what verticals are you exploring?

Ajay Mian: It's an ongoing activity enriching our existing products is an ongoing activity. And then, for example, when you have to infuse elements of Data and AI into our existing product lines, you have to keep working on it. You have to keep making investments on it.

Now, for example, the EdTech Solution that we have, it came up only in the last 2 years, or like 2.5 years (back). But it's an ongoing thing, and we have to make assessment, because these investments are not trivial. They require not just money. They also require mindshare time. We will continue to do this. If you are saying that, do I have a list of the new IP that we are going to build? I don't think it is … it's not meaningful for me to say (this), because there will always be a couple of things which are being assessed, …… some of them may see light of the date, and most of them may not.

Rajesh: Okay. In your last call, you had briefly mentioned about a loan given to one of your subsidiaries. Can you just elaborate on that? What was the purpose of that loan? Because it was addressed very, very briefly in the last call.

Ajay Mian: Sandeep?

Sandeep Jain: The purpose of the loan is to give them the working capital support.

Rajesh: So, this is which subsidiary? Is it a subsidiary in U.S.?

Sandeep Jain: We have subsidiary in U.S. We have given some loan to them. We have subsidiary in Africa, Kenya, and Singapore. So, we have given short term loans or long-term loans to them for their working capital.

Rajesh: Okay. And my last question is, on the timeline for execution of the orders from those 15 new customers that you've acquired this quarter, in what time frame you are expecting to execute the orders, I mean the implementation orders?

Ajay Mian: See, the first implementation would typically take between six to nine months. And most of these are either milestone-based projects or in many cases, our billing is on a monthly basis. So, if we have signed up a customer, some revenue from that customer would always already have been taken. But in the coming months, we obviously will take more revenue.

Rajesh: All right. Thank you.

Ajay Mian: Thanks, Rajesh. We'll take the next question from Urvi Shah. Urvi, you can go ahead and ask, please.

Urvi Shah: Yeah. Thank you. So, I'm talking on behalf of my wife, who is a proud investor and shareholder of this company. So, my only question will be, like, how do we differentiate a company with respect to the large four or five IT services companies' prevalent in India? I mean, that is what I just heard is that, we are competing with the large four, which are not the IT services, but the likes of KPMG, Deloitte. So, I was surprised, how come we are not comparing ourselves with the large IT services or the midsize IT services that are privileged in India? So, if you can just elaborate not the differentiation?

Ajay Mian: Absolutely. So, the answer to that question is in your question. Those companies are IT services company.

Urvi Shah: Correct.

Ajay Mian: They obviously also do a significant amount of BPO, KPO work. Alletec is not a typical IT service company. Alletec is consulting led, providing business transformation solutions and services around that. When you look at the large IT company, the likes of a TCS, Infosys, Wipro, obviously, we know that for all of them most of the market is international. And they go and try and sign up very large deals where they can deploy thousands of people and earn revenue from those thousands of people.

Some of those large engagements may also have projects which are in our domain, but they don't go out to market to seek opportunities specifically or just in the domain that we are in. In fact, most of them may not have the needed skill or experience to execute these kinds of projects. But then, their scale is different. They do everything. They will do facilities management. They will run your BPO, KPO. They will do some software development. They will do custom development work. So, it's a typical IT service.

Alletec is not a typical IT services company. Alletec engages with end customers directly looking at what their business needs are, what is needed to help them succeed in their digital transformation journey and what specific product lines to bring to them those solutions.

Urvi Shah: Yeah. Understood. But the only follow-up question.

Ajay Mian: Does that help you?

Urvi Shah: Yeah. Absolutely. But the only follow-up question, is it something that they cannot do? That was what my question is, actually. I mean, the follow-up. Is it something that they cannot do?

Ajay Mian: See, I have no reason to say that they cannot do this. But the thing is you have to see that in their business model, what works and what does not work. They wouldn't work …for example, if Alletec gets in India a project which is valued at ₹1 crore, for example, right? We will be happy to take that project.. Or if we get a project here in the U.S., which is $200,000, we'll be happy to take up that project. But TCS or Infosys would not be happy with that project at all. Because the customer segment that we address is typically midsize and upper midsize, and sometimes even the smaller customers. The customer segment that they address are very, very large organisation, which can provide them very, very large projects where they can deploy thousands of people over a period of time.

Urvi Shah: Clear. Absolutely. Thanks a lot once again for your clarification. Really appreciate it.

Ajay Mian: Thank you.

Urvi Shah: And all the best.

Ajay Mian: Thank you very much.

Moderator: Thank you, Mr. Shah. We'll take the next question from Alan. Alan, you can go ahead and ask, please.

Alan: Yeah. Hi, hope you're doing well.

Ajay Mian: Hi, Alan. Absolutely.

Alan: First of all, congratulations on the great set of numbers. Just wanted to understand, as you rightly mentioned, our sales is specifically a solution based selling, right? So, it's not instant, and the sales cycle is fine and longer. But at the same time, you also guided us with the 25% to 30% in the growth that you expect. So just wanted to understand if you see such a demand in the industry as a whole as of now.

Ajay Mian: So, first of all, what I mentioned is that we look, and we keep pushing ourselves, to do a 20% to 25%. How much we get every year is a matter for all of us to see. I would say that we probably are growing a little bit faster than a lot of companies in this segment. And I think this is largely because of an interesting mix that we do between India and international. We try and increase our percentage from the international business, which gives us also a better margin. I do believe that this mix is so important for our health and our growth.

Alan: So is it right to expect that for every dollar, that you're earning the equivalent in terms of rupees … so, every dollar is exactly not like one sale in India. So, is that also the right way to look at it?

Ajay Mian: I'm not sure if I understood. What does it mean - every dollar is not, or maybe I missed it?

Alan: What I meant by that is a deal in the U.S. will come with better margins. And in terms of that numbers also, yeah, in terms of the revenue size of the deal also, I believe it'll be much higher than the ones in India. Is that correct?

Ajay Mian: That is correct. If you look at similar projects, if you look similar sized projects, absolutely, the revenues from U.S. will be higher, and therefore the margins will be higher.

Alan: Got it. That's it from my side.

Ajay Mian: I also want to kind of ensure that, I think in all fairness, we have to understand - as the size increases, the absolute number that a percentage brings also increases. So sometimes you're able to increase at a certain percentage, at a certain size, but when your size increases, you will have to do more to bring that percentage. You can't just increase that percentage by putting in similar efforts. So, our endeavour is to do that, but we have to also be cognisant that it's not trivial and it's not going to be easy.

Alan: Got it. Thank you so much. All the best.

Ajay Mian: Thank you very much.

Moderator: Thank you, Alan. We'll take the next question from Bhawani Somani. Bhawani, you can go ahead and ask please.

Bhawani Somani: Thank you for giving me the opportunity. I am new to the company, and I really want to know that in December 21, our operating profit margins were in the range of 9% to 10%. And now they have zoomed to around 19% to 20%. So, I just wanted to ask, has there been any change in our focus where we have started to focus more on international orders? And now on rather than before the IPO or kind of that? Can you throw some light on it?

Ajay Mian: Yes. That is correct. There are two factors that contribute to our growth. One factor is, of course our percentage of international business has grown, so that's a significant part. The other thing also is that over the last couple of years, more so in the last two to three years, the cloud revenue has increased, has started increasing. So that cloud revenue being a recurring revenue, it enables you to sustain the momentum and growth.

Bhawani Somani: And I have one more question. In the starting of the call, you mentioned a few competitors in the U.S., which do work on the Microsoft Stack. So how are we placed in comparison to them, and what is our competitive advantage that we hold against them? Or do we undertake any activity which is different from them, which enable us to have an edge or advantage over them in terms of, say, I have to implement an ERP system in my organisation. So, if two options are there, one is you and another one is your competitor, what would be the difference point between you two?

Ajay Mian: Sure. So, first of all, we have to know the names which I mentioned, earlier on … these companies have been operating in the U.S. market for a very long time. And when I say very long time, again, 20 years, 25 years, 30 years. And some of these businesses are also very large. When I say very large, I'm talking of revenues in the range of $150 million to $300 million. In one odd case, maybe it will run a little bit more. There are all types of partners here.

There are these large partners. There are, of course, these global system integrators, and then there are also midsized and very small partners. So, there's a range there. When we come in, I would say at this point in time within the U.S., we would still be considered a small player, because we have been here relatively more recently. And also, because, the revenue that we get here at the moment is small. That also reflects the opportunity that exists here. But we will have to significantly scale up to increase our presence there and to start competing with some of them head on. We do that today, but I would still say our USP really is our ability to mix our offerings from India with what needs to be done internationally. And we are therefore able to bring these solutions to customers at interesting price points, which increasingly they find compelling. But we should not underestimate the strength and the muscle of some of these large partners here. But I also see that as an opportunity. This is an area where Ritu works a lot, so I would like to bring her in. Ritu, your thoughts on that.

Ritu Sood: Yeah. So, couple of things I want to add. So, one major differentiator, is also the fact that some of these players in the U.S. market do (focus) only on some business applications, whereas we are a full stack. So, as I mentioned previously also, we would maybe encounter a customer scenario with say, for example, a CRM solution first or an ERP solution first, depending on where they are in their digital transformation initiative. And then from there, we will then grow. So that gives us that needed, I would say enabler, for us to be long-term with that customer, and then at the same time differentiate from some other companies in the competition.

The other thing that also differentiates us is the IPs, because those IPs that we have and we get them to the market in U.S. as well. Some other partners do not have IPs in the same industries. We also have some horizontal IPs which enable implementations to be done faster. So, these are a few examples and then, of course, there are more. But in the interest of time …

Bhawani Somani: Sure. And just one last question to Ajay sir I have.

Ajay Mian: Yes, go ahead.

Bhawani Somani: Yeah. It's a question which is relatively off the point of discussion we are having. I just wanted to ask you - what is something that motivates you to come to the office every day, and what's your vision with this company? Like, because you are, like 50, 55. So what is something that still motivates you to come in the office, be so passionate about your business, and what's your vision with the company?

Ajay Mian: First of all, you are telling me I'm 50, 55 … I always thought that I'm in my late 20s or early 30s … [laughter]. At least that's how I feel, and that's how my colleagues feel about me. But nevertheless, that's on the lighter side of it. But I think the most important thing is there has to be a purpose in life. And my purpose in life is basically twofold. One, there's a set of my colleagues who have been with me for a long time, and there are new people who join as well. And we need to see that they are able to bring their own dreams to reality. Be it in financial terms, be it in terms of the actualisation of what they expect from their careers. There is a lot of self-esteem associated when you succeed in doing something. The second thing of course is our customers. And they are the purpose for the organisation being and doing what it is doing. And it's a difficult world out there. Businesses need a lot. And sometimes, even when you spend money you don't necessarily get what you needed. So, I think the one single driver for us always is that

- when customers engage us, they engage us on trust. I probably mentioned this a couple of times earlier. If I'm buying a phone, I know what I'm buying and what I'm paying for, and how much I'm paying for it. So, I don't expect any surprises. But when a customer engages with you for consulting and for digital transformation initiative and for project services, he's engaging on trust, because he will get the outcome from it only after many months. So, you have to make sure that you do everything necessary to come true to the trust that he has reposed in you.

So, these are the two things, which are important. At the same time, the technology world has been changing very rapidly in the last some years.. It's exciting to try and stay on top of it, and to see how can we bring these technologies and solutions to the world of our customers, to enable them compete better and succeed in their businesses.

Bhawani Somani: Okay. Thank you so much.

Ajay Mian: Thank you very much.

Moderator: Thank you, Bhawani. We'll take the next question from Sateesh. Sateesh, you can go ahead and ask please.

Sateesh: Good morning. Congratulations on great set of numbers.

Ajay Mian: Thank you very much.

Sateesh: This year especially, we have seen a growth of like say, year-on-year 20%, 22% or so. So, from two years down the line, what is the kind of growth are you envisioning, especially from the environment that you are seeing inside and outside U.S.?

Ajay Mian: Well, as we have been saying earlier, our endeavour is to keep pushing the pedal for this growth. Things may change inorganically. (Then) Things may change and we may do more business. So, we would like to see it going up. We don't see anything at this point in time, which appears like a threat, but even getting this growth is going to take a lot of effort. It's not going to be easy. So that's what we are building up, and getting ourselves ready for.

Sateesh: Okay. Is there any number that you have in mind? Like say, because I have seen you from the previous con calls, right? You under promise and over deliver, okay? So is there any kind of number that you kind of see, let's say from one, two years down the line? Let's say do you wanted to deliver?

Ajay Mian: If you look at the nature of our projects, as I said earlier, had we been a BPO, KPO company, which is signing up very large projects for 5 year, 10 years, it kind of becomes relatively easy to compute and give you a number. But lot of our work is acquiring new customers and doing repeat business with these customers. I would not want to give any different numbers. And I think we would like to still say that this is the number that we aim for, and we strive to get that number and whenever possible to exceed that number.

Sateesh: Great. Thank you. All the best.

Ajay Mian: Thank you very much.

Moderator: Thank you, Sateesh. We'll take the last question from Paras Chheda. Paras, you can go ahead and ask, please.

Paras Chheda: Yeah. Thank you. I just had two questions. One is, do we have a close fit listed peer on the market, which is sort of closer to the kind of business model that we have in Indian space, the stock market? And second question, is do you have a role model for a pure play? Like your business model Microsoft Stack Solutions in the U.S., and what kind of -- for a reasonably large sized company revenue it could be running. And where I'm coming from is I do see that probably we are aiming to have this 20%, 25% growth probably for the medium term, and we will probably achieve it. I'm just trying to understand, what kind of rooms we could have going forward in terms of a reasonably large sized player even if we have aspirations to prove it from here on?

Ajay Mian: So, I don't know if it is even appropriate for me to think in terms of role models, because no two situations are alike. I had mentioned somewhere in the call that one way to think about Alletec is that - what an Accenture is for large businesses, Alletec is to midsize businesses. So you may draw some parallels. We don't do everything that Accenture does, nor do midsize businesses need everything that an enterprise business does. So you can see largely or directionally, that is how we think about ourselves.

Role models are very difficult, because you don't know internals of any organisation. You may look at a company which is showing good numbers, but do they have a good work culture? We're not sure. How do their people feel about it? We are not sure. We don't know rather. I mean, there's only that much of time that you can have to get into all this. So, I think instead of looking at role models, we kind of look at specific business area. We see what is it that our customers want from us, and what is it that we can bring to them. So more important than a role model (would be – are) we meeting the aspirations of our customers?

Paras Chheda: Yeah. So just to fit in. When I went role model, it was really from a revenue perspective. So, to be very specific, for a reasonably pure play large sized player in our category in the U.S. I presume there are some pure plays there. What kind of revenue do they have, which is a reasonable large sales outfit that?

Ajay Mian: Yeah. So, as I had mentioned, the few that I know, globally, they are in the range of \$150 million to \$300 million. The large ones. There are small ones which are just a couple of million dollars, but the large ones are in the range of \$150 million. There are several in the range of \$150 million to \$300 million, and some are even more than that.

Paras Chheda: Okay. Thank you so much.

Ajay Mian: Thank you.

Moderator: We'll take the last question for the day from Pradyumna. Pradyumna, you can go ahead.

Pradyumna Choudary: Hi. Just something not really related to the present, but more related to how we arrived till here. Like, if I look at whatever financials are publicly available, our revenue growth over the last three, four, five years has only accelerated, right? So, and yet today, we are around ₹120 Cr company, like it's a very wonderful job you've done, but a company which has been in existence for almost 25 years. We are still a small company, and we've seen in the last four, five years, we've grown wonderfully well. So, during this time, what really has changed? Since when have you really embarked on this growth? Because I'm sure for many, many years maybe the revenue was maybe stagnant to a certain extent. So, if you can just explain a bit there.

Ajay Mian: Well, I would say. Again, I think there are three things that contribute to this. The first thing that contributes to this is our focus in building international business. That is one. The second thing that contribute to this is the whole -- our focus in building our IP, because that enables us to get more customers. But the third important thing, which I think is, also very important is the whole transition of the world from on prem to SaaS, to Cloud. So, this is what. Going to Cloud is something which starts bringing benefits to businesses. So, they end up spending more, and also getting more benefits out of it. And this is recurring business. This is repeat business. I think all of these factors contribute to giving the flip to our numbers in the last couple of years.

Pradyumna Choudary: All right. Thank you.

Moderator: Thanks, Pradyumna.

Ajay Mian: Thank you very much.

Moderator: That is the last question for the day. Sir, would you like to give any closing comments?

Ajay Mian: I think, anything that I say now would have been already said during this call. I really appreciate and value (the time of) all the investors who have shown confidence in the organisation. And we will try and work our best to come true to the expectations that investors have in us and of course, our customers, and our colleagues. So, thank you everyone for being part of this and helping us to keep moving forward with the momentum. Thank you very much.

Vinay Pandit: Thank you sir, and thank you to all the participants for joining on the call. Thank you to the management team for giving us their valuable time. This brings us to the end of today's conference call. You may all disconnect now. Thank you.

Ajay Mian: Thank you.