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Subject: Transcript of Q2 and H1 FY'25 Post Earnings Conference Call organized on October 25, 2024

Dear Sir/Madam,

With reference to the above-mentioned subject, kindly find enclosed herewith a copy of a transcript of the Q2 and H1 FY'25 Post Earnings Conference Call held on October 25, 2024.

The transcript may also be accessed on the website of the Company at <https://www.alletec.com/investors-alletec>

Kindly consider this for your record and information.

Thanking you

Yours truly

For **All e Technologies Limited**

Kanak Gupta

Company Secretary and Compliance Officer

Membership No.: A74117



ALL E TECHNOLOGIES LIMITED

Q2 & H1 FY'25

POST EARNINGS CONFERENCE CALL

October 25, 2024 2 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 of Cloud & Managed Services

Call Coordinator



Strategy & Investor Relations Consulting

Presentation

Vinay Pandit:

Ladies and gentlemen, I welcome you all to the Q2 and H1 FY'25 Post Earnings Conference Call of All E Technologies Limited. Today on the call from the management team, 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 about their business performance highlights for the quarter, the growth plans and vision for the coming years, post which we will open the floor for Q&A. Over to the management team.

Ajay Mian:

Thank you very much Vinay, and greetings to everyone who's on the call. It's always a pleasure to meet you, at least once in a quarter. Let me switch quickly to the presentation that we have, and then we'll open it up for conversation..... Are my slides visible?

Moderator:

Yes, sir.

Ajay Mian

Okay, very good. First of all, after today we'll probably be entering what's going to be a festive week, rather two festive weeks for us here. So Happy Deepavali to everyone here in advance. Wish you will have a great next coming year, and happiness to your families.

We are going to run the next set of slides, in the order of first talking about - what's new. We'll go over what the numbers are, and then what has been steady and the standard annexures. I have been making this presentation now for at least ... this is the seventh presentation that I'm making, and there's a set of things that we have been talking about over the last now a little under two years ... which is predominantly what we have been working on for the last two decades. But when I say what's new, things are changing in the market.

And where is this change (happening)? That's what we want to have a little conversation about. So, what's new? Our conversations are gravitating towards Robotic Process Automation, Data Engineering, and AI, and we will talk more about this. But when I say that conversations are gravitating around RPA, Data and AI, make no mistake that the enterprise applications are still the anchor.

There was recently a study conducted by Gartner, which said that for 60% of organisations in the mid-market segment, the primary driver of their digital transformation initiative is still the ERP. That's the primary thing that they want. And then, of course they want the CRM. They want Retail and Digital commerce. But when I say conversations are gravitating towards the areas of RPA, Data and AI, what it means is that businesses have become more aware of the advantages of those areas.

So, we almost never have a simple ERP conversation or a simple CRM conversation. The conversations, the interest levels are going beyond these basics over to the modern areas. In the context of this, many of you who have attended my past meetings would remember this slide, and our primary set of these six offerings stay relevant. We still work on the Digital Core Modernisation, on Enterprise Applications, Process Optimisation, System Integration, Data & AI, and of course the Change Management.

We still work substantially on the Microsoft Stack, the full stack. There are some areas where we use Open Source, and there are some areas where we also use some other adjacent technologies and platforms provided by other providers. But Microsoft stack is predominantly still the chief delivery platform or vehicle for us. I thought I'll give you a quick view to what is it that we are doing. So ... we also keep making significant R&D investments. We are making these R&D investments to build not just our expertise, but also some products on the RPA side.

We have been extensively using Copilots and Copilot Studio to help our customers leverage the new technologies and do more. So, these are like about a minute, minute and a half video. I take

the liberty of running them before we go to the next section. Is that okay?

Moderator: Sure.

[Video Presentation].

Ajay Mian: So that was a sample RPA process, and, obviously, there can be very sophisticated ones. We have just picked up a simple one to show how it works. I will now give a short glimpse to how Copilots and the Copilot Studio are used to automate and bring AI and Gen AI in particular, into helping organisations become more productive.

[Video Presentation].

Ajay Mian: So, if you notice the Copilot that I just ran was running from the Teams window, which basically means Teams window is one of the most common windows that we do most of our work in.

So, any person who has now an HR related question can write from his work environment, talk to the SmartGenie, which sits in the Teams like any other colleague, and ask SmartGenie the HR questions that he has.

And the answer that will get provided would be based on the company's HR policies, the actual data of this person, which saves a lot of time and effort, not only for the HR department, but also frustration (sometimes) for these people.

And imagine the same thing being done for various other possible functions within an organisation.

So, this is one of the areas that we have been working in, besides of course, as we said the ERP, CRM, and other enterprise applications still stay as the pillar of what organisations need, and we keep providing. But the conversations are shifting towards these new areas.

And now the numbers. Many of you might have already looked at these, but let's quickly go through this. For the quarter, our total

revenue stood at ₹35.9 crores, ₹359.1 million including other income, the total income from operations is ₹380.3 million. The EBITDA stands at ₹91.3 million, net profit at ₹66.8 million. That means a net profit margin of 17.6%. The QoQ growth on the revenue has been 8.4%.

The YoY growth has been 24.5%, and the repeat plus recurring in this quarter has been 93.6% and we added 12 new customers. The same numbers for H1, the total revenue is now at ₹690.4 million. Total income from operations is at ₹730.4 million. EBITDA at ₹175.4 million, net profit at ₹128.5 million, net profit margin has been 17.6% even for H1. The growth YoY, H1 of this year versus H1 of last year, 23.6%. Repeat plus recurring overall has been 94.6%. We added 29 new customers in H1 and the team size is now slightly over 360.

If we want to compare the performance YoY, the total revenue growth 24.5%, EBIT growth 38.5%. The margin has stayed at 24%. The EBITDA growth is 38.3%. Net profit growth is 39.4%, and net profit margin stays at 17.6%. That was YoY, and for QoQ performance here are the numbers: Revenue growth 8.4%, EBIT growth, 8.7%, EBITDA margin 24%, EBITDA growth 8.4%, net profit growth 8.2%, and the net profit margin is 17.6%.

And if you're interested in looking at how the half year has been, which basically is Q1 plus Q2, the YoY growth has been 23.6%, EBIT growth 44.6%, EBITDA margin has been 24%, EBITDA growth, 44.2%, net profit growth, 45.5%, net profit margin, 17.6%.

The half year performance (HoH) has been 14.2% for revenue, 16.8% for EBIT, 24% for EBITDA. The growth has been 16.6% for EBITDA. Net profit is 18.5% and net profit margin at 17.6%.

This is how the revenues are (geographically) spread. So, India has largely, remained flat in terms of the percentage. The U.S. has grown slightly ... it was a little under 63%, but this quarter has been 65%. And for H1, it is 63%.

APAC ... similarly you'll see slight growth, slight decline in APAC, just a percentage points. Africa has seen a slight decline overall in terms of percentages, and Europe has remained flat in terms of

percentages. In terms of our key financial charts, here are the numbers. In chart, we already spoke about these numbers.

If you want, we can have conversation on that subsequently. We spoke about the customer adds that we have had. So, our revenue from the Top 5 and Top 10 customers this year increased slightly. And we would say this is on account of primarily just one customer. So, this increase is not an indication of any change in trajectory.

But my guess is that we'll go back to our earlier percentages in the next half year, if not the next quarter. Out of the 12 customers added, seven have been domestic and five have been international. The industry-wide spread is almost exactly the same as you would have seen last time barring one percentage difference here-or-there in some cases..

Microsoft's last quarter results are not yet out. They are going to be out on the 30th. So, this is from what you have seen last time. But overall, from what we know internally, the product line has been growing quite well, and we see it, we experience it on the field as well. Operationally, yes, we are building our traction in the international market, and you would see that happening as our international percentage of services revenue has grown.

We mentioned it last time also that the interest in exploring RPA, Data engineering, and AI is strengthening. On the M&A updates, it continues to be work in progress. One, little update that I have is - last time I spoke of us having signed an LOI in one case. So, we actually moved from LOI stage to starting a Due Diligence there. But about a month and a half into the due diligence process, we had to pause that process for a couple of months because of some changes happening within that organisation.

So that is paused. It might reinitiate sometime in about six months' time. But in the meantime, there is another conversation that we are currently underway. Have not reached a term sheet signing or an LOI signing yet, but it's a conversation underway. The growth drivers are what we have been mentioning earlier. The comprehensiveness of our offerings - we have been speaking

about it for this entire period since our IPO, and it is showing results now.

As you have seen, we don't do just ERP CRM. Because we do other offerings, including RPA, Data and AI, that's giving us more wallet share from existing customers, and that's opening up more conversations for us. Microsoft Business worldwide is doing well. Our international focus continues. We continue to invest in our IP led solutions, and we continue to work on our inorganic growth drivers.

Well, this slide is falling under what is steady, but I knew if you remember, there are at least two changes on this slide. One change is that our number of customers now because we had been using this number of 900, and since then we added nearly 100 customers. So, our customers' count is now about a 1,000. Our team strength has grown to about 360 now ... a little bit higher.

This slide is the same -. The Board of Directors continue. The lead management is the same, and then we have the standard annexures, which you can see, it's uploaded on NSE, will get uploaded on our website as well.

So, if you're okay, I will stop the presentation. Vinay, is that fine?

Question-and-Answer Session

Moderator: Sure. We'll move to the Q&A mode. Thank you. All those who wish to ask a question may use the option of raising hand. If you don't have the option available, you can drop a line on the chat, and we'll invite you to ask the question..... So before other participants join in, one question. Okay, we'll take the first question from Aastha Jain. Aastha, you can go ahead.

Aastha Jain: Hello...

Ajay Mian: Yes Aastha!

- Aastha Jain:** Thank you for taking my question. Quickly, I just have three questions. First, can I get the product and service revenue split for this quarter?
- Ajay Mian:** Yes..... So, this quarter has seen a higher percentage on the product side. In the past, our product had been about 42%, and our service is about 58%. But in this quarter, we have had a higher product revenue, which has been about 44%, 44 point something for this particular quarter.
- Aastha Jain:** Got it. My next question is related to domestic and international revenue split. I understand that you have given that number in your presentation. I think in the geographic reach slide, you mentioned 24 point some decimal percentages from domestic, right?
- Ajay Mian:** Yeah.
- Aastha Jain:** Out of total revenue ... so we are getting ₹38 crores ... we are getting ~ 24% from India.
- Ajay Mian:** Correct.
- Aastha Jain:** Right. Okay. And I wanted to understand like, what's our guidance for FY '25 in the coming two, three years?
- Ajay Mian:** Okay. First of all, this 24% is not from ₹38 crores, because ₹38 crores is product and services.
- Aastha Jain:** Got it.
- Ajay Mian:** 24.5% is only the percentage from the services side.
- Aastha Jain:** Okay. So, can I get the split for ₹38 crores, like from the product and service in total? Like out of ₹38 crores, how much is coming from India? And second is like, how much is specifically coming from the U.S.?
- Ajay Mian:** Sure. So, we said that from a services side, we already said that U.S. has been close to 65% this quarter. But if you want to add product also ... I have not been able to get to that computation ...

but it's very easy to do. We can do it quickly. But if you just look at the overall product plus services for India, my guess is it is going to be somewhere in the ballpark of 48% to 50%. Product plus services together.

Aastha Jain: Okay. And from U.S.? In international, if I could get like...

Ajay Mian: Yeah. So, the rest of it is international. And this time, on the product side, we have had an increase on the product side in Africa. But if you combine internationally, the rest of it ... about 51%, 52% is international.

Aastha Jain: Internationally, if I could get like, how much is coming from the U.S.?

Ajay Mian: Yeah. We can do that. Just drop in an email or a question, and we will give you that breakup.

Aastha Jain: Perfect. And just my third question is, like could I get some guidance for FY '25 in the coming two, three years?

Ajay Mian: So basically, when you talk of FY '25, your question is about the next two quarters.

Aastha Jain: Right.

Ajay Mian: Right. And when you talk of the next couple of years ... there are two things that I want to say. The most important thing is that overall, at a macro level, our trajectory is right. So, from a macro level, we are finding decent traction in the market. We are having good conversations. We are bringing customers. We are now (further) strengthening our sales side in the U.S. So, at a macro level, all those things are in the right direction.

At a micro level, when you talk of this year, I think we should be in the ballpark of whatever we have forecasted. But when you get into details, for example, since you asked this, if I look at Q3 for example, usually Q3 sees some level of pressure because of holiday season. Now in India, the next two weeks are going to be Diwali. Then in the U.S., there'll be Christmas. There'll be New Year. So sometimes what happens is that some billing either gets

delayed or some work doesn't happen for a period of time. But these are all temporary things which happen just based on that time of the year. But, otherwise, we should be in the direction that we have always been talking about.

Aastha Jain: Okay. And even the margins to remain in the similar lines or maybe some improvement?

Ajay Mian: We expect them to either stay similar, if not improve.

Aastha Jain: Okay. Thank you so much. That's all from my end.

Ajay Mian: Thank you.

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

Kumar Saurabh: Hello Sir, Hope I am audible.

Ajay Mian: Hi Kumar, yes Absolutely.

Kumar Saurabh: Sir, I have first, congratulations on the good show. Though I have been tracking the company for quite some time. This is the first time I'm attending. So, one question is, on some of the products you have built and one you have built in the education sector, ERP product. And I think 1.5 years (back) you started with one Indian client, and it was I think one of the biggest clients if I remember Manipal. And I think few quarters back, you were able to sell to one of the international clients.

So how does this product selling trajectory works? It's like the more number of clients you work with, the more successful you will be. So do we expect the education ERP product to do well. Given now we have proven to one domestic client, and one international client and how it should pan out in next three, four, five years, and how it is going to impact the revenue and margin?

Ajay Mian: Sure. So, first of all, it's not only one domestic customer, right? So, I think the right thing to do would be to have Rajiv, respond to this. Rajiv.

Rajiv Tyagi: [Inaudible]. Rolling out the solution at different level, because it takes whatever time. And from a growth perspective, yes, addition of the customers is an important factor. But along with that, what is also important is that what all modules, and what is the student strength in that particular institution. And now we are taking this solution outside India, and we are in touch along with Microsoft Education team.

So, both in India and at a global level, we are getting aligned with the Microsoft selling team. We are also incorporating the copilots in the solution so that it become more intelligent solution. So, we see a good traction right now. So, the pipeline is getting built-up.

Kumar Saurabh: And per customer the ticket size is much higher than India and the margin, or is it same as how we get in India?

Rajiv Tyagi: Sorry. You asked about the margin?

Kumar Saurabh: The per customer revenue which we generate out of this product is same as in India for international?

Rajiv Tyagi: The margins obviously will be different for India in comparison to the international. India will be on a lower side, but international, because of the dollar, you always get that advantage. And they also have slightly larger budgets. So, India will be very cost sensitive market. But from the proof of concept from building the challenges incorporating all that functionality, India is a very good market.

So, for the maturity of the product, it does help. And that is where now we are at that cost where we need to get into the international market to capitalise on all the investment that has happened.

Kumar Saurabh: Okay. Thank you. My other question is - in the last concall, we were mentioning about two potential big clients for which we are working. So, is there any progress on that? What is the status right now?

Rajiv Tyagi: You're saying for the education industry?

- Kumar Saurabh:** Not for education. In general, if I remember in the con call, there is one comment regarding, the general organic growth of the organisation. We are working towards getting two big potential clients onboard. Is there any progress on that?
- Rajiv Tyagi:** So, we have acquired some large customers where the project has also initiated. One is ... so they ... in India and Americas. As we mentioned, we've given the number also, the total number of customers that have been added. So, the overall deal size is also increasing.
- Kumar Saurabh:** Okay. Thanks a lot. I'll come back in queue.
- Moderator:** Thanks, Kumar. We'll take the next question from Samarth Nagpal. Samarth, you can go ahead.
- Samarth Nagpal:** Hi, good afternoon Sir. First of all, congratulations for a great set of numbers. Just had a couple of questions. One is that, over the last few quarters, we have seen that the U.S. business has, or the percentage of the U.S. business has, grown up quite significantly. So, is there a deliberate effort in increasing the business in that geography, and how do you see it? Will it remain in this range only, or will there be a change? Because the domestic business, mix has changed quite a bit. That's my first question.
- Ajay Mian:** Yeah. Clearly. So, this is happening, because we are making all efforts to do this.
- Samarth Nagpal:** Yeah. So, my only thing was that, is it that, I mean, we might see a change in the mix in the future, or is it a one-off phenomenon? Is it a gradual shift to the other economies or possibly the U.S. economy and the trend will continue?
- Ajay Mian:** Well, you see, majority of our focus right now is in the U.S. So, I cannot say that we will have a similar change happening in Europe, unless we make efforts for doing that change in Europe. At the moment, our entire focus I would say is in U.S., and some focus is on Africa. And other things happen, along with it.
- Samarth Nagpal:** Okay. And another thing is that the repeat percentage, as you pointed out in this quarter, has been fairly high. So, is it fair to

assume that we have added the customers as well? And during the course of the year, this percentage will streamline or maybe it'll not be very dependent on the top customers only or on the repeat customers. So, is it fair to assume that?

Ajay Mian:

Well, we want our top customers to stay, and we want all our existing customers to stay. But we would be happy with this percentage ... if this percentage goes down a little bit, couple of percentage points. ..., we are doing, it's a balancing act. If this percentage goes down a little bit, then it would mean that we are doing more new customer acquisition. If this percentage goes up a little bit, then it would mean that we are doing more from existing customers.

So, both of them are good scenarios in their own capacity. So, we want to be able to balance it out. So, we have typically been in the range of 90, plus/minus 1 or 2 percentage points this year. This time you see it slightly more. Also, as I had mentioned, there was at least one or two significant deals that we had worked on. So, I would say it will stay in the range of 90 plus/minus 1% or 2%.

Anything that you see beyond that, you can say that is just for that period.

Samarth Nagpal:

Sure. And one final bit on the manpower. I mean, over the past two quarters, I think we have been at a manpower of like strength of around 360 people, right? So, we have we have not added a lot of team size. So, will it remain in this way only and looking at the business scenario, right? Because you have also been working with a lot of new clients, and you'll be adding a lot of new clients as well. So, is it fair to assume that in the second half of the year, there'll be some manpower addition as well?

Ajay Mian:

. So, in fact, there has been some addition. For a couple of quarters, we have been at around 350, and now the number is probably around 365. So, this number is likely to go up, absolutely. Because of the business model, our revenues are not directly proportional to the headcount.

Samarth Nagpal:

Fair enough. So, I think that's all from my end, and wish you a very Happy Diwali as well.

Ajay Mian: Thank you very much. Happy Diwali to you also.

Samarth Nagpal: Yeah. Thank you.

Moderator: We'll take the question from the line of Lalit. He sent a few questions on chat. Lalit, do you want to go ahead and ask the questions?.....

I'll ask the question on his behalf. Good to see a decent number of clients being added continuously. Are we seeing an increase in the size of these customers?

Ajay Mian: So, I would say some customers become large, but obviously, it's not that all customers become large at the same time. But every quarter, we would have some customer who would have gone significantly more than some others. So that's what we saw in the last quarter. Yes, we definitely did have a couple of customers who were significantly larger than the average customer size that we would say.

But I think the more important point here is that with the increase in the breadth of our offerings, we are now not doing just ERP, CRM. We are bringing other elements in. That elements of RPA and data and AI, other pieces of Azure managed services. So, this is what enables us to get a higher wallet share from the customers. So, some things could be solved.

Sometimes a quarter is too short a period to make an assessment. But as I said at the beginning, our trajectory is right, and we will see higher wallet share from several customers happening over the next year.

Moderator: His second question is, would you be able to throw some light on how the billing rates are moving?

Ajay Mian: Well, absolutely. And I would say that, at the moment, if you look at the average industry, billing rates let's say for the U.S., for a lot of offerings including what we do, the billing rates over somewhere in the ballpark of \$25 per hour. You would find providers who will do also \$20 or sometimes \$17 or \$18. You will

find some who will do a little bit more. But for us, the billing rates are higher.

We have billing rates which are depending on what we are doing. In some cases, we go to 50. Some cases rarely 55. But very commonly, between 35 and 40, it depends on the size of engagement, the skills that we need there, the complexity there, the volume and so on, and also the geography. But I would say, our billing rates have gradually been moving up.

I wouldn't say that they will, in the present model at least, continue to move up from there another 30%, 40%, 50% anytime soon. But I think we are pretty much near the upper end of what companies like us are able to charge these customers. Just to qualify it one more thing to add there is that while we are charging some customers already at those rates, there are other customer where we may not be charging that much today. This will move up over the next year, year and a half.

Moderator:

His next question is how much of the revenue is associated with Microsoft? Will it be safe to assume that if Microsoft continues to grow in double-digits, then we should also be able to see the strong growth that we are experiencing?

Ajay Mian:

Absolutely. So, a significant part of revenue is associated with Microsoft. As I said, there is some work that we do on open technologies and some other offerings as well, but absolutely - we have always been putting the Microsoft slide to show how Microsoft is growing, and this indeed is the reason, because we are very closely working with the Microsoft's offerings.

Moderator:

Okay. There's one question from Vedant G. How are we placed, on our earlier guidance of ₹1,000 crore revenue within next eight years?

Ajay Mian:

Well, we are taking all the steps that are ... other than being reckless. So, we are not being reckless, but that's the driver, for us to keep moving on.

Moderator: Okay. Anybody else who wishes to ask a question may use the option of raise hand..... Pradyumna Choudhary, you can go ahead.

Pradyumna Choudhary: Sorry I missed the bit on billing rates. What would be our billing rate right now on an average?

Ajay Mian: It's a little, I would say it's a question the answer to which will provide you no information at all. Because if you look at billing rate in India, it's very different from billing rate in U.S. If you look at billing rate on something which is AI versus billing rate on something which is managed services. They will be very different.

I think if you avoid a generic question, if you ask me something which is closer to what you want to ask, I will be able to give you a better response.

Pradyumna Choudhary: No. No. I was just trying to understand, in terms of how we how much I understand we are a smaller company. So, to a certain extent, there'll be limits on our billing rates versus what some of our larger peers do. I just wanted to get...

Ajay Mian: (wait a minute) I think you already mentioned that you missed a part of my last response. So, in fact, what you are saying is not the case. In many cases, our billing rates working from here in India are very, very competitive, if not more at times compared to some of the Tier 1 companies, maybe like a TCS, Infosys, and so on. Because they do this work as a volume. We do this work as a boutique shop. We are specialised. So, to answer your question, our billing rate spectrum varies, if you look at India, for example, maybe the billing rate in some cases is as low as equivalent of maybe \$15 - \$18. But in U.S., it can go to \$50 - \$55.

Pradyumna Choudhary: All right. Thank you. And secondly, I understand right now, we are at a scale where sticking with Microsoft itself would lead us to a much larger scale, and I understand that Microsoft Stack is doing very well globally. So, that's why we also tend to work with Microsoft more. We are not sticking to them, but we tend to work more with them. And from a longer-term strategy, do we have plans to diversify more? Because, it's always helpful to hedge our bets, right?

Ajay Mian:

Sure. So, I will repeat what I have mentioned in some of my past calls. If you look at our overall set of offerings, we work on, let's say, enterprise applications. We work on, these areas of, let's say digital commerce, data and AI. When it comes to enterprise applications, the suite of offerings from Microsoft, be it the ERP, be it the CRM, for that matter, be it the Azure and Azure managed services, be it the various other data engineering pieces offered by Microsoft on Azure - they are amongst the best of the breed. As a result of which, we do not find a need to go and pick some of these solutions from another vendor. Because our approach always is to provide a solution to a business issue rather than go with a set of offerings to sell and tell him that, we will give you what you want. And about 95%, I can safely say, of all our revenue, if not maybe 96% or 97% - is driven (by technology solutions that) has Microsoft at its core

So, what is beyond Microsoft currently is very small, 2%, 3%. But it is possible because globally, there are other areas of growth which are happening. For example, in several cases, when it comes to a solution on digital commerce, we do look at some other product lines as well. So, we, for example, in some cases would look at a Magento. We would, for example, look at a Shopify. Similarly, when it comes to Data and AI, there could at times be solutions which are non-Microsoft. But guess what? A lot of non-Microsoft solutions are also hosted on Azure. So, you could actually be buying them from Azure because they run on Azure.

Even SAP runs on Azure. So somewhere when you use these solutions, you are anyway then using the Microsoft platform. But these solutions themselves could be from companies other than Microsoft.

Pradyumna Choudhary: Understood. That was very helpful. Thank you, and all the best.

Ajay Mian: Thank you.

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

Suvendra: [Inaudible]

Ajay Mian: We don't hear you, Suvendra.

Moderator: We'll move to Samarth Pachchigar. Samarth, you can go ahead.

Samarth Pachchigar: Congratulations on a great set of numbers. My question is around, Ajayji can you just throw some light on how Alletec started and how you came and, how Rajivji and all contributed in the journey? So just to get a brief and history about the organisation.

Ajay Mian: You want to hear 'My Story'?

Samarth Pachchigar: Yeah. Exactly.

Ajay Mian: I'm not sure if this is of interest to other people. There are 70 other people on the call. I don't know ... Vinay, what do you suggest? Because, when you say ...

Moderator: We can take it separately.

Ajay Mian: (Ok) One sentence or I can write a book on it.

Moderator: We can take this separately on a different call.

Ajay Mian: Is that okay for you? I don't want them as well.

Samarth Pachchigar: Yeah. Sure.

Moderator: Samarth, do you have any other questions?

Ajay Mian: You know what ... The easiest thing would be, that you can look up my LinkedIn profile. It'll tell you where I came from, but just give me one minute, Vinay, since he asked, I don't want to kind of put him on the side. Well, I started my career teaching at Delhi University. I used to teach Physics and Computer science. I moved on to National Physical Laboratory for some time, then to what was Tata Unisys and that became ... and merged into TCS.

Later, I was part of two startups. Rajiv joined one of those startups. And subsequently, when I started this company, Rajiv came in, and I think he joined about a year, year and a half later.

Similarly, Ritu came in a little bit after that, but ... and Sandeep Salman incidentally, who's also on the call, was also in that earlier organisation, where Rajiv had joined. And then Sandeep Salman came in on board some years later. And the same is true with Sandeep Jain. He also was in that company. So they have all been, rather, we have all been working together for more than two decades now.

And, Ritu is not far behind. She has already been with us for, at least 19 years, if not a little bit more.

Samarth Pachchigar: And one more question.

Ajay Mian: And we told each other ... 'till the grave' [laughter].

Samarth Pachchigar: And one more question that I want to ask is, how we are going up on client acquisition in U.S. and Canada? Because we have hired just, very few people on the sales side in U.S. and Canada. So, what's our strategy to expand our business?

Ajay Mian: Well, the character of sales has fundamentally changed in the last, maybe, eight to 10 years. And this change has become more acute in the recent five odd years. Now marketing is more important than sales. Okay ... ultimately to close a deal and to sign a document, you still need sales. But if you don't have marketing, you can't sell. Because by the time a customer reaches out to you, he has already known something about you.

He needs to find something about you to reach out to you. So, there is a significant amount of effort that goes into marketing, digital marketing in particular, and this comes in various forms and shapes. Whether it is content building for thought leadership creation, or it is putting other case studies, for example, or other customer project details, for example.

So, you need to be in a situation where a potential customer is able to find you rather than you reaching out because what we

offer is not a compulsive purchase for somebody. Compulsive purchases are only when it is something which is a consumer (product).

I see a shirt, I like it and I buy it then. But if you have to buy an ERP or a CRM or a cloud solution or a Data and AI solution, you don't do a compulsive purchase, and you actually never 'sell' these. The other person has to 'buy' it. To buy it, he has to know that this is really what is going to help him. It is going to help him increase his returns (on investment), his profitability, his revenue, his competitiveness. He wants to see his return on that investment.

So, you have to look at the whole ecosystem from that eye, and you have to contribute to that ecosystem. And that is what happens. So, our salespeople's job often is to engage in conversations to close an opportunity that has come. The responsibility of creating those opportunities comes basically to our marketing initiatives. And then we also work closely with Microsoft. From time-to-time we also get some leads from Microsoft.

We (also) participate in Expos. If you recall, the very first slide that I had on this particular deck, this was an expo that some of us attended recently. In fact, this very month. This was in San Antonio, Texas, and we keep engaging in these kind of activities for increasing brand awareness, for increasing our digital presence. So that is how it happens.

Samarth Pachchigar: Yeah. Sure. Thank you so much. Happy Diwali to all the team.

Ajay Mian: Thank you very much. Happy Diwali to you all.

Moderator: I'd like to call back, Suvendra. His voice wasn't audible before. Suvendra, you can go ahead.

Suvendra: Hi Sir, sorry for the mic issue earlier. Congratulations on the good set of numbers. My question is yesterday, along with the results, there was a disclosure, you have mentioned about the deviation and variations, right? Maybe can you little bit explain more about what is that all about?

Ajay Mian: Sure. Pretty simple. We raised that IPO money, and those funds have been bracketed in a certain manner. And that is a manner in which we are governed by how SEBI regulates that IPO money be bracketed. Now if you want to change the usage of that money, then you need a shareholder's approval, to do that. That is what we did at the time of AGM. So, we basically said that in the situation that we are making an acquisition, we would need more money for that acquisition than what had originally been allocated.

So, the change has been that we have said that funds which are lying in one pocket, if they are needed for something which the organisation is keen to work on, then we have the ability, to use that money. So, this is what was done as part of AGM, but to date, there has actually not been any deviation. We have continued to spend the funds in the original brackets that they were allocated for and only some part of it is spent. The other is still left because we do intend to spend most of this money on our inorganic expansion.

Suvendra: Okay. So, can we also assume that because this is all a prep work for the future acquisition, right?

Ajay Mian: Absolutely.

Suvendra: Okay. Thank you. That's all. All the best.

Ajay Mian: Thank you.

Moderator: We will take the next question from Paras Chheda. Paras, you can go ahead.

Paras Chheda: Yeah. Hello Sir, pardon me if this has already been answered. I joined in late. Is there any progress on that U.S. acquisition opportunity or for that matter, any other acquisition opportunity? Because, I mean, the business seems to be doing quite well. The only kicker now needed is, I guess an opportunity to grow inorganically. So just wanted to have an update on that.

Ajay Mian: Absolutely. So, I did actually speak about it. So, in the last call, I had mentioned that there is one LOI that we had signed. We were

actually able to make progress in that case, and we actually had started the due diligence process. But a couple of weeks into the due diligence process, we have paused it. And we paused it because that business had some internal issues that they wanted to resolve first, before restarting the due diligence. So, we can safely say that this process is paused for anywhere up to six months or so.

So, we will basically reassess it at that time. And if all seems okay, we will restart it. In the meantime, however, there has been another conversation on where we have not yet provided an LOI, but it's a serious conversation.

Paras Chheda: And that's again in the U.S.?

Ajay Mian: It is again in the U.S.

Paras Chheda: Okay, thank you.

Ajay Mian: Thank you.

Moderator: Thank you. We'll take participants from the chat. I would like to invite Tarun Rohatgi. Tarun, you can go ahead.

Tarun Rohatgi: Good afternoon Sir. One question is there. I would like to understand how big is the Microsoft market in India, and what is the share of Microsoft market is Alletec having in India? Second question is, how big is the Microsoft market in U.S.? And what is the share currently of All E in U.S.? And what are the future plans like acquisition is there in the U.S.? So, we would like to know, what percentage should be Alletec's share in the U.S. as well.

Ajay Mian: Little complex question, and I will unfortunately have to have answers as they are provided from Microsoft side. First of all, Microsoft does not divulge country level details publicly. And Microsoft, for example in their earnings calls, they provide the business growth and of course the numbers of different lines of businesses, which are for example Microsoft has a line of business, it is called the modern workplace

It is different from, let's say, the Business Applications, or it is different from what you may call the Intelligent Cloud. So, they offer these numbers overall, but they don't go to country level. What I know from the number that we had seen two years back, Microsoft in India had crossed \$1 billion some years back, or was it three years back? Something like this. But then what you need to see is that this \$1 billion on one end, only some part of it will be from business applications. But our market size is not only from within that portion.

Because the global data is that for every \$1 that a customer typically spends on buying a product, he ends up spending somewhere between, like \$5 to \$7 on getting services for it. So, if you want to look at the overall global market size, then according to one estimate, the global market size for everything around business applications in the next two to three years is going to cross actually \$50 billion.

Now what part of it is in which country? I don't have credible data to share that information with you because Microsoft does not publish this information.

Tarun Rohatgi: Thank you for this answer of yours. I just want to know is, All E Technology, the overall business is only services or it is product as well?

Ajay Mian: Okay. So, it is product as well, and the product has been between 40% to 45% of our overall revenue, the remaining is services.

Tarun Rohatgi: Thank you, sir. Thanks for the clarification. Have a good day.

Ajay Mian: Thank you.

Moderator: I would, like to also invite Vaibhav Bhargava from the chat to ask his questions.

Vaibhav Bhargava: Yeah. Hi, sir. Good afternoon.

Ajay Mian: Good afternoon, Vaibhav.

Vaibhav Bhargava: Yeah. Actually, just one question. Since you said that, 95% of your services are around Microsoft and probably because Microsoft has a large share and the users mostly use Microsoft is what I understand. But like, since you're also providing services for say Microsoft Dynamics CRM and there are other CRM applications also, which are being used extensively. So, would you be having capability to extend your offerings across those CRM platforms also, or is it only restricted to Microsoft?

Ajay Mian: I think I would like to answer the question in a slightly different manner. The issue is not whether we can offer it's not like somebody says that I sell only trousers, and then we tell him that why don't you sell shirts, okay? Because if somebody who's selling trousers, if he starts selling shirts also, then he will have more revenue.

The situation in this case is that a customer has a business issue, which he wants to resolve, and he wants to find a solution. Now that solution he can get, let's say from a Microsoft platform, he can get that solution from, let's say any other OEM account. But the thing is that the Microsoft product line being (amongst) best of the breed. Till such time that we find that he will be better off by using a different solution. We continue to focus our attention on the Microsoft stack.

But in situations where it appears that he will be better off by using a different solution, we do explore those things. But as of today, we are not looking to build a separate practice line, for example, Salesforce. Because we see that what is offered from Microsoft Stable is reasonably fulfilling the needs of the customer.

Vaibhav Bhargava: Sure. Thanks. Because the only way, everything is actually going well. And the way you are managing the firm is also, I mean, commendable. The only thing was, I mean maybe if we are looking for...

Ajay Mian: Vaibhav, the other thing which I want to look at is, if you look at from a prioritisation point of view. Because there is only that much of time, attention, investment that you can spend within a certain period of time. So, at this point in time, we have prioritised

spending more effort, energy investment in building the new complimentary set of offerings.

So, the RPA, the data engineering, the AI side, that is at a higher priority to build and bring to our customers than say another ERP and another CRM.

- Vaibhav Bhargava:** Understood. Completely understood. Thank you so much.
- Ajay Mian:** Thank you.
- Moderator:** We take the next question from Akshay Bharde. Akshay, you can go ahead.
- Akshay Bharde:** Hello Sir, Hello, everyone. Happy Diwali to everyone.
- Ajay Mian:** Thank you, Akshay.
- Akshay Bharde:** I've been a happy shareholder for the last year or so now, and have been listening to all the con calls and all the information provided by you. Thanks for that. My question is, from a different point of view, because I'm a software developer myself and right now in Sydney. What I'm seeing is, the Gen AI and the RPA, the other stuff that is automating a lot of, basically managed services side of things and the support side of things. How do we see from the business point of view? How do we see the next five to 10 years panning in that area going forward? How is the business impact? How is the disruption shaping up? To be honest, I'm not able to grasp that. So, I just wanted to understand how do we see that landscape going forward.
- Ajay Mian:** Sure. So clearly, AI is as transformational and fundamental change as sometime back mobile was. Or even if you go several years back, as Internet was. When computers came, let's say, in the 80s or 90s, there was a fear that with computerisation jobs will go away, and the overall business will come down and so on. That didn't happen. The jobs changed. And as the jobs changed, more people were needed, but to do different things.

Similarly, when Internet came, there was a paradigm shift. When mobility came, there was yet another paradigm shift. So, we are in

the middle, or at the relative start, I would say, of what is definitely going to be a paradigm shift. Now the time when hundreds and thousands of programmers from India and around the world would write code ... that is going to change, because now you have, for example, the copilot available in GitHub, and that can write a lot of your code.

But the code which its writing is something which is not ... I would say, there's nothing magical about it. You already know it. It just automates this part of it. So, the role of human will have to change. And this is also a fact that people and organisations who don't change will face significant impact. So, if you recall, think of the early 2000, the Y2K problem. There was this whole set of COBOL programmers, who remained happy just doing COBOL, and they thought that the world is only around COBOL. Now after Y2K and some soon thereafter, COBOL kind of went away. People tried creating objective COBOL and so on, but it basically went away, because the fundamental paradigm changed.

There were times when we thought that everything is going to be only SQL, because it is going to be only structured data. And then around mid of the first decade ... we said, no -it's actually the unstructured data which is more important. So, you had then the databases which were handling the unstructured data. Today, they have become more prominent. So, all the data that you generate today, be it through an IoT device or the social media and all the kind of things which are connected, none of that is structured data, it's an unstructured data.

So, the people who don't change and organisations who don't change will anyway extinguish. So, it is for the organisations and the people to take that call - what they need to change, what manner they need to change, at what pace they need to change, and in what direction they need to change.

Akshay Bharde:

Yeah. All those are great points, and thanks for elaborating so much. So, because Microsoft, I think has shown that a very big elephant can adapt themselves. So that's a great thing. And now follow-up question on that. So, what could be the threats going forward for an organisation like us, who is very adaptable right now? But what could be the threats going forward over the next

five to 10 years for us not to achieve the target of maybe ₹1,000 crores of revenue that we have set for ourselves? Just trying to understand that.

Ajay Mian:

Well, the thing is that there could be external and there could be internal issues. External is (for example) tomorrow if there's a World War, hypothetically speaking and God forbid if that happens, we don't know what will happen. But leave those things aside. Other than that, it's not just about us. Any organisation ... if we don't change The reason I started off with the slide (of Expo) is that conversations are gravitating towards RPA, data and AI. We see this and we are moving in that direction.

Now all of these things, whether it is RPA, data engineering, or AI, they themselves will go through different stages of maturity in the times to come. So, it is for us as an organisation to keep our ears to the ground, see how things are changing, to bring those solutions to our customers. If we keep doing that and keep doing that at a good pace, we may occasionally have some roughness on our path, but we will keep moving in that direction. And if we don't, then we will suffer.

Akshay Bharde:

Yeah. Perfect. Thanks a lot, and all the best to everyone, and happy Diwali once again. Thank you.

Ajay Mian:

Thank you very much.

Moderator:

Thank you. We'll take the last question for the day from Aveek Vora. Aveek, you can go ahead, please.

Aveek Vora:

Hi Sir. Good afternoon. Congratulations on building such a great company. And I almost got my answer from an earlier question that someone asked about the management team. Very glad to know that all of you were together for the last 20 years.

I just want to understand culturally companies between X and Y, over a longer period of time with the culture that we differentiate between a winning company and a company that going back and not being in a pole position. I just want to understand with remote, with software, with all of the working style in the IT sector, and

even in our company, how do we keep the culture strong? How do we still deliver on values that we had 15, 20 years ago till now?

Ajay Mian:

Well, I think some of these things are more like fundamental principles. And I would say fundamental principles are those which don't get questioned. And sometimes they may be written, and sometimes they may not even be written. And things which are not written, but sensed,, at the end of it are stronger than a set of principles or rules that you may write on paper.

For example, despite the fact that we have spent most of our time working and servicing customers in India, and all of us know what the market is like, we as a company have never paid any money or any (I would say) favours to anyone on the customer side to win a business. We have because of this lost some time; we have never paid anyone to get our payments (released) from the customers. So, I think this is very fundamental.

The other thing that we have done, for example, is the responsibility of revenue is not just on the few of us on this call. There's a battery of people who are responsible for their segment of the revenue. They are also carrying the responsibility and the authority to engage with their customers and deploy their teams and generate the targeted revenue.

I think the other thing is that the shear ability to ... and I think it's very important that we are not a family run business ...What that means is that for none of us ... our children don't work here ... our cousins or our brothers ... our siblings, or any of our relatives - nobody works here. So, everybody works here in a professional environment. I am as much answerable to other people as they are answerable to me. And some of these things basically bring in a level of comfort, confidence, healthy confrontation. And I think, sometimes we don't even talk about it or sense it, but that's how we have basically been going on.

Now that's not to say ... there are some companies which may be family run companies and they may be doing very well. But this is just about us.

Aveek Vora: Perfect. I understand. Just on second point that you were saying that everyone is individually responsible for their own department's roles and projects that they do. Their KPIs, their incentive systems, all of that is aligned in the same similar way at our company?

Ajay Mian: Exactly. And a vast majority of them are also ESOP holders, which you know now have become attractive.

Aveek Vora: Yeah. So just one thing. Since you are day-to-day involved in running the company, and we are so focused on the near term, a company like Amazon, which years ago had just pulled out in AWS, because they were looking at something on the side also, which might become something big in the future. Do we also work that way working for the short-term, but in long run having something that might be, that that's what makes a good company and great company, right?

Ajay Mian: Yes.

Aveek Vora: But they come out with something great. Not now maybe five years, maybe 10 years, but they keep working in that side. Focusing on the present, but also one big eye on the future.

Ajay Mian: So, there are these two things that we continue to make investments on. One is the investment that we make on our IP. We just spoke about the investments that we have done on building the EdTech product, but then there are other industry solutions that we have built. Now that's not to say that, some of them may fail, but we expect that some of them will succeed. So that is one part of it.

For example, years ago, we built a solution for travel, and then we matured it to a point where it became kind of a default option for most travel companies to start asking for. So that is one part of it. The second part of it, daily you keep your eyes and ears on where the technology is moving. Now the adoption of AI is going to be the focal point for the next many years. We are just at the beginning of seeing the transition, but next several years, we'll see this becoming more intense. And that's what we are working on.
are working on.

are working on.

The data engineering part, and then you have the AI.

Aveek Vora: Perfect. Thank you very much. Congratulations to your entire team. Happy Diwali. Thank you for the good work that you do.

Ajay Mian: Thank you very much.

Moderator: We have one more question on a follow-up from Samarth. Samarth, you can go ahead.

Samarth Pachchigar: Sir.. I just want to understand one thing. It's a very cultural question to the organisation. We started an ESOP pool in 2009. When we are a very small company, we started off in 2006 and all. So, what was the reasoning and objective behind starting a pool of the management team at that time? And how do we try to inculcate the employees in the group journey of the company?

Ajay Mian: It's a very simple question, and the focus for us always was to create wealth rather than make money. And there's a difference between the two. And when we did an IPO, we already had a significant amount of cash on our books. But because we were looking at creating wealth, we said this is something that we need to do. So, we created an ESOP trust, into which we actually spent money to buy some stocks to give exit to some of our early investors.

We added to that more shares closer to the IPO. We actually made our ESOP scheme functional, I think in the year 2022 or was it late '21, because we did our first vesting, in '22. So, obviously, the number of people had grown by that time. The pool had grown by that time, but it was just natural. It wasn't like a sudden decision. We always knew that this is what we have to do.

If you ask me why that, I can give you that answer also. Because in my past companies, I had a lot of stocks, which ultimately were not even worth the paper that they were printed on. So those papers went to the dustbin, and I wanted to make sure that that's not what happens here.

Samarth Pachchigar: Thank you. So, it's a very wholesome answer, which I got. Thank you so much Sir for answering it. Once again, Happy Diwali to all the team of Alletec, Alletecians are you called. Yeah.

Ajay Mian: Thank you very much, Samarth.

Vinay Pandit: Thank you. That brings us to the end of today's conference call. We would like to thank all the participants for joining on the call and to the management team for giving us their valuable time. This should be the end of today's conference call. You may all disconnect.

Ajay Mian: Thank you very much.