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To, **03rd February, 2023**

The Listing and Compliance Department, **National Stock Exchange of India Limited** **Exchange Plaza, 5th Floor,** **Plot No. C/1, G block,** **Bandra Kurla Complex,** **Bandra East, Mumbai – 400051** **Script Code: SM – INFOBEAN**	**The Manager,** **Listing Dept.** **BSE Limited** **Phiroze Jeejeebhoy Towers,** **Dalal Street,** **Mumbai-400001** **MH- IN** **SYMBOL: INFOBEAN** **Scrip Code: 543644**

Subject: Transcript of the Earnings Conference Call for the unaudited financial results of the quarter and nine months ended December 31, 2022, held on January 25, 2023

Dear Sir/Madam,

With reference to above mentioned subject matter about the Intimation pursuant to Regulation 30 and 46(2) of the SEBI (LODR), 2015, please find enclosed the " Transcript of the Earnings Conference Call" for the quarter and nine months period ended December 31, 2022 held on Wednesday, January 25, 2023, for your information and records.

Kindy take the above details on record.

Thanking you,

Yours Faithfully.
For InfoBeans Technologies Ltd

Surbhi Jain

Surbhi Jain
Company Secretary and Compliance Officer

InfoBeans Technologies Limited
Q3FY23 Earnings Conference Call

January 25, 2023

INFOBEANS TECHNOLOGIES MANAGEMENT:

SIDDHARTH SETHI – CO-FOUNDER
MITESH BOHRA – CO-FOUNDER
AVINASH SETHI – CO-FOUNDER
JITENDRA TANNA – GROWTH EVANGELIST, INFOBEANS (FORMER CO-FOUNDER OF INFOBEANS CLOUDTECH LTD)
KRUNAL SANGHVI – FINANCE HEAD
MRIDUL MAHESHWARI – SR. MANAGER, CORPORATE DEVELOPMENT

MODERATOR:

SURBHI JAIN – COMPANY SECRETARY & COMPLIANCE OFFICER

CONFERENCE CALL PARTICIPANTS:

ANSH GANDHI
BALU
GARVIT GOYAL
HITEN MUCHHALA
RAJESH CHAUDHARY
RICHA
SAURABH BARDIA
SHOBHIT SINGHAL
S.P BORA

Pratik Jagtap

Good evening everyone and welcome to Q3 FY '23 Earnings Call of InfoBeans Technologies Limited, and thank you for joining the call. I will now hand over the call to Surbhi for the introduction. Over to you, Surbhi.

Surbhi Jain

Thank you, Pratik. Good evening, ladies and gentlemen. Welcome everyone, and thanks for joining the Q3 earnings call of InfoBeans Technologies Limited. The results and investor update have been mailed to you, and it is also available on the stock exchange. In case, anyone does not have a copy of the same, please do write to us, we will be happy to send it over to you. To take us through the results of this quarter and answer your questions we have today with us all 3 co-founders, Mr. Avinash Sethi, Mr. Mitesh Bohra and Mr. Siddharth Sethi.

We will be starting the call with a brief overview of the company's performance, and then we will follow the Q&A session. Kindly ask your questions by raising hands and once the brief overview by Avinash is over, and then we will address every question one by one.

I would like to remind you all that everything said on this call that reflects any outlook for the future which can be construed as a forward-looking statement must be viewed in conjunction with the uncertainties and risks that we face. These uncertainties and risks are included, but not limited to what we have mentioned in our prospectus filed with the SEBI and subsequent annual reports which you will find on our website. With that said note, I will now turn over the call to Avinash Sethi. Over to you, Avinash.

Avinash Sethi

Thank you very much Surbhi and Pratik. Thank you all the Investors and Shareholders for taking time to attend this call. And may I also wish each one of you a very happy new year.

InfoBeans, as you know, is a company founded in 2000, it's a publicly listed digital transformation and product engineering firm. We are based out of country like U.S, Germany and Czech Republic in Europe, Dubai in Middle East and in India. In India, we are present in Indore, Pune, Chennai and Vadodara. We focus on the new age emerging technologies and the platforms like Salesforce, ServiceNow, UiPath or Automattic, and we believe that this is our vehicle to land into large accounts and we will expand to those accounts and deliver reputedly high-value services to our customers. We have been serving large under base clients. And if you look at, we have Unicorn, we have Fortune 500 clients, and we have billion dollar accounts in revenue.

In the first 9 months, we have been able to deliver INR 302 crores of top line and an EBITDA of INR 69 crores and a PAT at INR 31 crores. We have been accumulating cash, and we have about INR 169 crores of cash and cash equivalents, where we include ARs i.e. account receivables as well. We've been able to grow at a 55% revenue growth for the first 9 months of this fiscal year. The award and partnerships I would like to talk about one of the particular awards that we got very recently, and I'm very proud to announce that, actually there are 2 of them. One is the top 100 best companies in India to work for women and recognised as an exemplar in the most inclusive companies index.

Slide # 4 - this is the team that we are very proud of, and we depend really on them to take the business further. They are experts in their field. And we have so many names here, they've been within started long time.

Next please. Yes. The same here. We've very accomplished team members with us. If you look at this some are for 15 years, some of them are for 19 years. Kanupriya for 14 years and so on.

Next, please. So here we come to the key number for the quarter ending in December 2022. Revenue has been flat from INR 102 crores to INR 102 crores quarter-on-quarter, but it has gone up 38% Y-o-Y as compared to INR 74 crores of last December. EBITDA is at INR 23 crores, interestingly, it is INR 23 crores in all the other 3 columns here. It is flat as compared to the sequential quarter. PAT is down 9% from INR 10 crores to INR 9 crores on a sequential basis, and it is also down as compared to December '21. And then there's a new row that we have introduced this time, it is a cash flow after tax, which means that what is the cash that we have added to the business, which is after noncash expenses. So, we are adding INR 13 crores this quarter as compared to INR 14 crores last quarter as compared to INR 17 crores a year ago.

Next page. When I look at 9 months here, we have grown 55% on INR 194 crores number, which was our 9-months revenue number last year for the same 9-month period. And we have grown our EBITDA also by 24%. PAT is down by 21%. There is a component of other income that we got in the first 9 months last year, which was one of the U.S. government grant of about INR 7-odd crores. So if I remove that, then we are probably flattish here. CFAT is here up by 8% - so we're adding cash in the first 9 months. And on the USD revenue terms we have grown 54% YoY.

Here is a breakup by geography. Interestingly, we are able to consciously reduce our U.S. dependence from 90% two years ago to 71% this time. Europe has grown very well for us. Middle East has grown very well for us and so has India. Middle East is inclusive of rest of the world, including Middle East, which is about 5%. And Singapore is about another 2%. Digital Transformation (DT) and Product engineering are more or less equal, 50-50 each. By business, we are doing since we have InfoBeans Cloud Tech as a separate entity and a separate subsidiary, they are contributing 16% of the business, about INR 16 crores to the top line.

In the first 9 months of current fiscal year, we have added 8 new $ billion accounts to our kitty as compared to what we were in March 2022, we only had 6 organizations, which had $ billion plus revenue category. And we have 14 of them today, which is a very good sign in terms of the presence into large enterprise customers who will again expand and complete lot of repeat business. And particularly in this quarter, we added 4 new clients and signed contracts with $3 million work, and we have a high visibility orderbook and pipeline of $40 million for the next 12 months. Let me update you this is a combination of orderbook and a pipeline where we are steadily confident. This is not only the signed order book.

Next please. We recently concluded I think just 3 days ago we concluded InfoBeans Innovation Day in Indore and Pune offices. This is a very interesting event, and I would want to spend a couple of minutes here to share with you that we've been doing this since 2019 and 2020. And then we lost couple of years because of COVID. Now we are back with a bang. And since we have two big teams in locations like Indore and Pune, we actually did twice the size of innovation day that we used to do in 2020. So, we had 20 ideas shortlisted from some 60 ideas, each of them on new technologies like blockchain, metaverse, AI, ML, automation, hardware-related stuff, IoT kind of stuff. So, we asked our teams to make a group of 5 each or 6 each and come up with an idea of their own using any of these technologies experimented towards the December quarter which is a lean quarter. So we've used that time to learn experiment with new technologies and we are then showcasing their technology, the experiments in an event like this, 5 of them on the stage and 10 of them with the booth, that are related by select customers, by select investors, by select colleagues of the industry and student community from that city. So it's a conglomeration of all kinds of people asking all kinds of questions and these team members are explaining their product and prototype solutions and prototype on the screen or of the screen. So there's a wonderful show, and we are happy that it allowed the team members to have innovative ideas coming to the purpose, also bond among each others and show their strength in terms of doing a great amount of team work. So that's a picture of 21st January and 22nd January 3, 4 days ago.

So these clients we talked about it in the past also. ALM being the oldest account here, this company is 172-year brand. IQVIA is on the top account that we have here WASTE MANAGEMENT and TripAdvisor as well.

Next please. This is the last 6-year journey that we are growing at a fast pace, trying to maintain our EBITDA and PAT margins 24% is a steady state margin, 14% is a PAT margin that we typically like to maintain and aim to maintain.

Next, please. This is much like that I want to spend time on where think of InfoBeans a company is running with 2 engines. The first engine is organic, which is taking their ship into a particular direction at a certain pace and inorganic is another engine that is mapping as a booster. And it is total in the shape of the same direction that the organic engine is propelling. So it is adding up to the same set of categories, same direction, same set of market geography. So, when you look at the organic strategies, we want to grow in all the 3 geographies that we are in. And you would see that we are growing in all the geographies. We have sales presence, we have physical offices. We have lead generation in our team sitting in India and generating business leads for them. We are expanding our existing accounts. We are leveraging Salesforce, ServiceNow partnership and now I will add UiPath and Automattic also to this list, which allows us to intend to into these clients, and then continue to build on R&D capabilities like innovation day that just we talked about and focus on the North American market because it is still the largest market. So, these are the set of strategies that we've been following from the day one, even before we became public. This has not changed over the years. It just added up every year with a new partnership or a new addition of geography.

On the inorganic side, we continue to focus on companies that either enhance our existing capability or allows us to build/buy additional capability where we are very bullish or where we are very positive that the market is willing to, is meeting those technologies and our customer sets are requiring those technologies. So if we acquire those capabilities, we'll be able to expand much, much faster. So that is what we want to do. We want to continue to leverage our India base for offshore presence. And with the last 2 acquisitions, we've been able to meet this inorganic pace also.

Next, please. So this is I think, one of the hypothesis that I keep sharing every time is we are growing ourselves at a pace that we're doubling our sales and revenue every 3 years, like '17 to '20, FY '18 to '21, '19 to '22. And with the current pace, we'll certainly be able to meet that FY '20 number. Actually, we will be able to short circuit FY '21 as well. We're hoping to double ourselves in just 2 years' period itself. As I said, we are very hopeful about the business moving forward, decent pipeline. In the first 9 months, we've grown at 55%, which is significant, and we have cash in the bank, and we have a pretty strong, I would say, capability set to take us further.

Next Please. Yes, we talked about innovation day.

Next Please. I'm sure our investor community is aware that we are on the BSE as well. We've got the honor of our beloved CM, Shivraj Singh Chouhan to come and do the opening ceremony for the BSE in Mumbai

Next Please, We're investing and giving back in the community and the society here, close to Indore where we continue to fund the fee for 25 students from rural background and underprivileged background to complete their college education and also to build their career successfully in IT and non-IT industry as well.

Next please. Yes. So some detail in the numbers, the quarterly and the 9-month comparison as well. So total for India for December '22, stand at INR 102 crores and December '21 it was INR 74 crores. So, there was a jump there. EBITDA remains flat. PAT has reduced from INR 17 crores to INR 9 crores. But we know that and we have talked about it several times in the past calls, 2 years ago, we took a very conscious call that we are willing to capture the top line. We are investing in getting the services delivered to our customers first, and we'll worry about it later. That strategy is actually paid out because we have jumped up strength very significantly from our number December '21 number to December '22. And we are also cautiously aware that there is cost pressure, we should optimize our internal systems and processes and increase our rates for the customers, increase the bottom of the pyramid, reorganize it that they are in a way that we can generate better margins going forward. And I'm sure we'll be able to do that in time to come.

Let me also tell you that we have another bad quarter in terms of PAT. Next quarter, we'll have a one-time hit of the retention bonuses that we have committed 18 months ago to our team, and that is due in March '23. On the 9 months, if you compare 9 months of December '22 to the year ended in March '22, we are doing better than the yearly number of last year itself. So, INR 289 crores to INR 302 crores in just 9 months is the kind of growth that we are pushing and generating on the business.

Next please. So thank you very much for your patience to hear the story out. I'll invite questions and answers from the community out there. Pratik, if you can coordinate that, it would be great.

Pratik Jagtap

Ladies & gentlemen please raise your hands and we will allow you to ask questions. The first question comes from the line of Garvit Goyal.

Garvit Goyal

Sir, my question is with regard to those acquisitions only because in the last 9 months, Y-o-Y, we increased our revenue definitely than more than 60%. But that is not getting reflected in the same proportion to EBITDA and definitely not to tax because tax is decrease. Right? But the ultimate goal for acquisition is definitely the increment in the value of the shareholders. And for shareholders what matters is the EPS and ROCE obviously, which seems to be compromising the acquisitions for right now. So how the situation shall be improved from here in the terms of PAT margins?

Avinash Sethi

Garvit, I'm not sure if you were following the acquisition and the numbers. The numbers that are coming from the last acquisition is actually value accretive, the EBITDA margin and PAT margins are wonderful. So, they are helping us in everything, in top line, in bottom line, everything and even in the capabilities is what we got them on board. So, it is actually helping us the other way.

Garvit Goyal

But sir, I'm talking about the overall PAT margin, I am not getting it is why when our revenue is increasing, EBITDA is increasing, but PAT margins are decreasing.

Avinash Sethi

So for the PAT, there is cost to that and I think I mentioned it multiple times in the past that as a strategy, we are willing to capture the revenue first. And if you are tracking IT industry would know that the cost has skyrocketed for the talent. And if I have to pay top dollar for getting my talent onboarded, that is where the margins are going to take a hit. And we took that conscious call that we are willing to decide on the bottom line. We first want to secure our top line. And we are consciously working towards that process where we are improving and optimizing our costs so that we come back and bounce back to our previous margins, both on the EBITDA and PAT levels. It's a work in progress. It cannot happen just like that.

Garvit Goyal

That is the plan. Definitely, you must have any internal timelines also to get your focus towards the PAT, right? It means currently, we're focused on revenues. But going forward, definitely your focus will be…..

Avinash Sethi

Garvit, it's not a switch that I put on and put off. We are consciously working from the day one, increasing and optimizing our bottom line also. It is the market, right? I mean it is the cost that I have to incur in terms of the salaries, in terms of the training and even hiring. So that is there. And it will take some time to recover. So, it's not that we are now starting to think about it. We've been thinking about it and working towards it. But it will drill down into the bottom line after a period of time, right? So, it is a process, and it is continuing, and we are consciously aware of it. And we are as much hard as you are to see that the numbers are going down on the PAT margins. But we are extremely happy that the numbers on the top line is going so well. 55% on a 9-month period is a phenomenon growth, would you agree with that?

Garvit Goyal

I'm already agreeing with that. And I mentioned also revenue will go to something and that is not a concern for me and you are doing better. But the point is I just want to know what internally you are thinking, what's your thinking process? That's what I want to know.

Avinash Sethi

Yes, we are thinking every other day. And trust me, everybody not only in this room, but everybody else outside are upset with me tracking every expense.

Krunal Sanghvi

INR 9 crore PAT is after recurring the proportionate cost of acquisition of almost INR 8 crores. That is depreciation.

Avinash Sethi

So Krunal has a very interesting point to say that there is acquisition factors where we are paying towards the acquisition, where we are accommodating depreciation and amortization towards the acquisition also, which is the number that the PAT maybe seeing as after reducing INR 8 crores towards acquisition for 9 months. So that's another interesting thing to note maybe 9 months. So, if you look at this CPAT, we're doing better from the previous 9 months, right?

Pratik Jagtap

Thank you Garvit. So the next question comes from the line of Rajesh Chaudhry. Please go ahead. Seems there is some issue, so we will take the next question from the line of Hiten Muchhala.

Hiten Muchhala

Hi Avinash, Siddharth and Mitesh. First of all, I think I'll start saying that I was a part of the Innovation Day at Pune. And all the fellow shareholders that are listening to me, I would urge them to be a participant next time. Because it really goes on to show what kind of culture InfoBeans is building and what kind of talent pool do they have. Also, what I was amazed to see was the collaborative effort done between a very recently acquired company Eternus with InfoBeans. And that as a shareholder gives me a lot of confidence. So I mean I think that's the first thing that I would like to start with.

Secondly, my question is to Mitesh. Mitesh, I would like to know that last 2 years we have seen lot of salary pressures on the IT industry, in particular, but somehow this year seems to be easing, however there seems to be a geopolitical issue going forward, so how do you see the demand levels, especially from North America, if you can give us some idea and guidance on next 1 or 2 years going forward.

Mitesh Bohra

Sure. Hiten, first of all, thank you so much for taking the time on a Saturday, spending time away from the family and spending with us in Pune. Really appreciate that.

To answer your question, and I want to qualify that first by saying that this is our view and this is one data point. One of the most significant things that we have seen happened, the last recession happened, a major one happened in 2008-'09 timeframe. And everybody, almost everybody was as if anticipating and wanting the recession to come and everybody getting spot all at the same time, creating some sort of a self-fulfilling prophecy. This is what we believe is happening in the market and everybody wanting to be ahead in the game and not getting caught with their pants down. But the real impact from a market standpoint, from a demand standpoint is, everybody suddenly goes in a wait-and-watch mode. That's one side of the table.

Now you look at the reality on the ground. The reality on the ground. COVID in the last 3 years has created this massive momentum on digital transformation. Businesses, which were generating physical products, businesses which were letting consumers consume them physically, suddenly realized that if they don't create digitally and they don't have digital consumption, they will be so far left behind in the list. That last 3 years has created a worldwide momentum on digital transformation. Of course, a lot of other things happened. The great resignation, as we all know, happened. A lot of life realization from COVID in terms of people, people wanting to spend more quality time, people wanting to do jobs that they want to do. And we see rest is history in terms of what that resulted in massive amount of wage inflation because everywhere we ended up finding staff shortages. So that was the counter effect that we saw of all the demand that got generated.

And again, I'm coming back to this, the same disclaimer view that this is one data point. What that did to a lot of people has spooked up. But what people are doing at this point of time in our view is, they are simply creating a pent-up demand. The demand seems to be retrieving or slowing down. In some cases, the demand is collapsing, so to speak, at least in certain industries. But in our opinion, what that is going to do is in our firm belief, we think work still needs to get done. Who's going to do that work? in a global perspective, India, in our opinion, still remains a go-to destination when it comes to doing services, doing services at a world-class quality, and being able to deliver them both cost efficiently as well as with a high-value proposition. So from that perspective, we believe we remain positioned very well as long as we continue to invest in the right set of technologies and tools that will not only continue to create momentum for all the work that still needs to get done, but also the next set of 20 years.

And Hiten, you probably observed some of those frontier technologies that were on display in Pune and the next day, of course, in Indore, that's the 2-pronged approach that we continue to want to take that we want to be there to cater to all of that momentum that's there and want to continue to provide the support with our existing digital transformation set, the likes of Salesforce and ServiceNow and whatnot. But at the same time, continue to invest in frontier technologies along the lines of AI, ML, metaverse, blockchain type of technologies to ensure that when the tide turns, we are ready with the capabilities to cater to the market. I hope I have addressed your question. Of course, it was a very long answer, but I do hope I have addressed your question.

Hiten Muchhala

Yes. So Mitesh, would it be fair to assume that the organic side of our business, Avinash mentioned that we are trying to ride on two engines; one is organic and inorganic. So the organic side of the demand, there probably could be some sort of tapering off. Would that be fair to assume because you are actually in touch with the customers on ground.

Mitesh Bohra

So as I said, when everybody decides that recession is coming, recession does come. Therefore, suddenly, you would see pause and tapering of that demand. But we firmly believe that, that is going to be a short-term phenomenon. Whether it is 3 months, 6 months, 9 months as anybody's guess it. Your guess is as good as mine because there are so many different market forces that would be at play. But what we do believe that in the long run, there is enough momentum, there is enough demand. India improving, particularly as a value-creation organization working in a mode where we have very effective go-sure, both our U.S. presence with design and innovation. Our India presence with core engineering, being able to convert some of these ideas into enterprise-grade and scalable technology implementations, we believe we are positioned very well. Despite of this taper demand, it's a matter of writing this out for however many months that we foresee that will happen. And in the meanwhile, this becomes a conscious effort to double down on our own investments in technology. So that's, again, a slightly outside of India perspective that I bring to the table, I hope that is useful for you.

Pratik Jagtap

Thank you Hiten. The next question comes from the line of Shobhit Singhal.

Shobhit Singhal

Sir, my question is do we have like miscalculated the demand and hired people aggressively more than we require?

Avinash Sethi

Shobhit, the answer to that is no, because our utilization levels are pretty high even before COVID the penetration levels we had. During the COVID, it actually went up to 85%. So, 75% to 85% kind of a number, and we are back to 75% kind of number. So I would say we are utilizing our team fairly well. It was over utilized in the last 2 years. So, there is no such thing as over hiring and then the laying off just like product companies do. So, we don't have to worry about that part. As I said, I think I have mentioned earlier also, we have done multiple increment cycles during the year, and that hit was as much as 40% on the company-wide cost. And the second hit was on the retention bonus that we agreed to take and plus stock options. So, there are multiple things we've done to retain our people, otherwise it's a kind of growth that we have delivered would not have been possible. We had to pay for the talent and we paid for the talent. It was as simple as that. But, yes, there is a long-term impact for it. And as I said in my earlier answer, we are fairly aware of it. And if you look at the EBITDA margins, we are more or less there. It is the other thing that needs to address fairly well.

Mitesh Bohra

I do want to add one very small piece to this. Hopefully, for the benefit of the larger audience that's attending this call. What you are witnessing, observing, noticing in the new cycles, the news about the layoffs in the U.S. market. If you peel one layer of the onion there, you will see that the bulk of it, by and large, it is coming from product outfits. And the simple reason is the last 3 years of digital transformation made them think that the world is going to continue to operate in a remote mode. Our world is coming back to a more normal mode. But then because of a lot of that over planning, they have done that. But when it comes to companies like ours, the systems integrators, the implementers, we make our customer's digital transformation dreams come through. We provide that as a service. That is a very sort of closely run function when it comes to just in time demand. And that industry, again, I do not need to be an industry expert to tell you that last 20, 25 years of that maturity is already there in the industry in India. And InfoBeans is no exception there. We have been continuously maturing ourselves in making sure that we do not build overcapacity because we are a systems integrator. So I hope that classification and differentiation, what's being seen in the news, media cycles does not cloud investors judgment on what the state of IT and integration industry has released. So that's what I wanted to add.

Pratik Jagtap

Thank you Shobit. The next question comes from the line of Ansh Gandhi.

Ansh Gandhi

I wanted to ask what is the attrition rate for this quarter? And how do we see ourselves in the next 6 months? What is the attrition rate that you see?

Avinash Sethi

So the attrition demand is totally gone. We are at a single digit on a month basis and probably 12% on a quarterly basis. I just look at the last quarter. We then analyze it, it is 12%. There's no such attrition thing that is bothering us. So, I think it's fair production there.

Ansh Gandhi

Yes. Another question was that in the investor presentation slides, I saw that you see a $40 million order pipeline. So is that a fixed order pipeline or that is something that you're assuming for the next 12 months?

Avinash Sethi

No. It is a combination of the order book which is signed order book. The order book that we know we are in discussion plus the pipeline based on our experience of our customers where we know these are repeat businesses, there are phases that we know of those projects will continue. So, it is a fair bit of estimate also. So it's a combination of 3 things, so to speak.

Pratik Jagtap

Thank you Ansh. There are a few questions in the chat box. So, the question from Rajesh Chaudhry is, consolidated revenue are flat and the operating margins have done from 26% in December '21 to 18.6% in 2022 December.

Avinash Sethi

Okay. So if you look at the presentation, this is the quarterly number. So, when you look at December '21 numbers and compare that with December '22 number, we did better in those years because we were still not having a full impact on the salary cost and the inflation level has gone high. So that is where the differences coming in for the quarter. But if I look at the 9 months and the difference will also be because of the other income that we had in the first 9 months, precisely in the September '21 quarter. We had about INR 7-odd crores from the U.S. government as a grant. So that way these are the 2 comparisons we want to look at quarter-on-quarter and year-on-year of 9 months.

Pratik Jagtap

So next question in the chat is from Balu. how much is InfoBeans tech company taking competition like KPIT and Tata Elxsi and, Coforge, and L&T etc companies because compared to those companies, the stock value past 6 months is decreasing?

Avinash Sethi

There are 2 parts to the question. One is the stock value between these companies. So I'm sorry, I can't answer that because I have no idea of what moves the stock up and down. Siddharth's can add to the answer, the competition part between these large players or midsized players, and we can actually add to the list of Infosys, TCS, Capgemini. And Siddharth, do you want to answer? How do we handle the competition and how do we see the competition coming to us?

Siddharth Sethi

Sure. Thanks for the question. The question is valid. We have nothing against these 3 or 4 companies, Tata Elxsi, KPIT, these are companies that we deeply admire. But we don't have competition just on these companies. There are probably 1,000, maybe 2,000 more companies in this that we compete against. Our competition is purely based on the value add that we can provide and our ability to convince our customers how best we can add value to their projects and to their end results and through their digital journey. So this is what we are trying to do, me, Avinash, Mitesh, the entire team at InfoBeans, we're trying every day, every night to try and add more and more value to what we are doing. What the others are doing, as Avinash said, this is something that we cannot really comment on, but the competitors' list is much more than this, unfortunately.

Avinash Sethi

To add to this, I think the services business, it is very important that you deliver what you promise and also go beyond the normal duty and maybe delight your customer, create WOW! for them. And that is a constant endeavor that every time we deliver something for our customers, we also try and apply a consultant mind and try to see what additional we can offer to them and make their lives easier or save money for them or increase their speed for go to market. So that is a constant effort that continues. And that is also visible in the kind of repeat business that we get from our customers, which is usually for all these 23 years, every year, that is more than 90%. So that should tell you that the clients trust us and they believe in us. And there is no matter of fact that there are at least 5 big captives, which are all Fortune 500 companies, companies which have captive in India. And we also continue to work for them year-over-year. So they are not only dependent on their captives, but they're also dependent on us simultaneously and not taking away work from us and giving it to their own captives only. So that is the kind of trust and confidence that the customers have in InfoBeans and its team.

Pratik Jagtap

So before going to the next Q&A from the chat box, we have a question from Saurabh Bardia.

Saurabh Bardia

So congratulations on the brilliant set of numbers. And great to see the company growing for last 10 years. I mean, your top line has become the bottom line for last say 5, 7 years and hope wish to see this happens another in next 5 years. Again, your top line becomes your bottom line. And great to see that happening. And excellent watch to see if you are working the talk which you do for the last 5, 7 years. So again, congratulations to all of you. So my question is regarding the shareholding pattern. What I see is, it is very closely held companies 75% being held by promoters and the rest 25% by the public shareholding, and you have been meeting a lot of institutional investors, broking community for last 1 quarter, I think so as per the submissions, which you have done in the exchange. So is it fair to assume that people don't find enough liquidity in your stock to have sizable entry? Is it fair to assume? Or is there anything other than what I'm assuming?

Avinash Sethi

That's a good groundwork you done, Saurabh. Let me first thank you for your praise that you showered on us. Second, yes, we've been meeting a lot of institutions, various other ideas. As you know that we have been using organic and inorganic strategies for growth of the business, we thought that the kind of value that we want to generate out of the business, we will need more funding moving forward. And that is where we were talking to these institutions so that we are ready for any new acquisitions. But yes, markets are also driven by several other factors, both macro and micro. And it also takes time, right, just like first acquisitions also. I remember the first one took one full year to mature from the first meeting to the last signing on the dotted line. People take their time to absorb the story, understand the business. They do wait for the results to come out and verify all the things that you talk about, whether it is being delivered around the mark or not. So I'm assuming that this is the seed that we have sowed and whenever the next thing happens everybody will know. So yes, we were trying to raise funds and meet institutions. So that we are prepared ahead of time for the new big acquisition.

Pratik Jagtap

Thank you Saurabh. The next question comes from the line of Richa.

Richa

My question is regarding in the last call, you had commented that you would be putting in efforts to increase the rates and pass on the cost to the customer. So given the demand environment and all the competition, if you could provide some color on that effort, how is that going? And if not in this quarter is there any visibility of these increased costs being passed on to the customers? Also, just to add to that, we have always aimed to grow and double revenues every 2 to 3 years with a margin of 24%. So, do you still have this visibility? I mean, let's say, this environment continues for another 6 to 9 months or 1 year. Would you still maintain that kind of not exactly guidance, but you have that kind of visibility and confidence?

Avinash Sethi

Thank you, Richa. You have actually asked 3 questions. The first one is whether we have increased our rates. And I'll actually ask Jitendra, who is also there on the call, and Siddharth to address those points. Before they jump on, I'll address your other points on whether we are optimistic about the growth. We certainly are, and we have delivered the first set of numbers, as you already see. We are fairly bullish, positive, optimistic for the next foreseeable future, and I'm saying at least the next 5, 7 years. Whether we will be able to double every 2 years or 3 years or whatever that duration is, we certainly aim for it. And in the past decade or so, we've been able to deliver that. We will continue to aim for it and continue to attempt to deliver it, whether it happens or not, only time will tell.

And the other thing is, we don't see market is bad. I wonder why people are seeing that market is bad. Mitesh already pointed about it. 6 months, 12 months, we don't see any negative sentiment on the client base that we are. Yes, 1 or 2 clients will slow down, but then it would be 1 or 2 clients which will ramp up, which is a normal business case. What I'm seeing now is that we're back to the normal world. We had a lot of insanities in the last 3 years in all directions, in all dimensions and that I've been telling again and again in the past call. Good to note that we are back into sanity. We're back into 12% kind of attrition rate. We are back to where the sales team have to make it for it to get a customer. We are back to the hard work where clients are conscious about the quality that they want. We are back to sanity in terms of salary discussions that we are having. We are back to people thinking long term rather than short term. So that's a very good environment that we are back into. Whereas Mitesh suggested that the entire dynamic has changed where people want technology as an important and a critical piece to their business, which is where India is the best location to get all of that digital transformation piece done. And we are witnessing the benefits all across, right from the Investors to our customers. So now I'd like Jitendra and Siddharth talk about whether we are able to increase our rates with the customers or not. And what is the scene looking going forward. Over to you Jitendra, please.

Jitendra Tanna

Thank you so much, Avinash. So yes, as Avinash rightly mentioned, I think there are 2 ways to look at it. So just to answer your question, Richa, it is not the right way to look at it that when my cost increases from a consulting business standpoint to pass it on to the customer. The way I would look at it more is, is there a way I can balance out the cost, one? And second, am I able to deliver the values to the customer, which they feel that for every single dollar which they are spending, they're getting better ROIs. And hence, they are ready to increase the bill rate rather than reciprocating with the saying, hey, my cost is increasing, so increase my bill rate, that won't be the right way to look at it. Having said that, I think the approach which Avinash also spoke about earlier that, hey, can we build the conservative mindset, can we build the accelerators, and that's why we are able to deliver better ROI for the customers and hence, customers will be ready to pay extra dollars in terms of build rate. That's how I would look at it.

Is there a pressure in the market for the bill rate, maybe in certain areas, may not be in other areas. And especially the technology areas, which Mitesh talked about that, hey, because of this innovation days and the way we are looking at the entire technology spectrum, where we are looking more futuristic technologies, customers will be willing to pay extra dollars whatever is required from their solution and services which they expect. That's my viewpoint from the overall market standpoint.

Siddharth Sethi

Yes, absolutely agreeing to what you are trying to say, Jitendra, we have been able to increase rates wherever it is possible, wherever feasible, wherever it makes sense for the customer. We want to work with our customers, not arm twist them, and that is a spirit with which we work with all of our customers. They are part of the InfoBeans family, very, very important stakeholders in our growth. And most of our customers have been with us for many, many years, including decades, and not just 1 or 2 years. So, it's always a give-and-take relationship. Happy to say that at least a few of them have proactively come to us and said, hey, why don't you increase the rates? So I just want to stop at that.

Pratik Jagtap

Thank you Richa. So we can take the next question from the chat box. The question if from Aman. How do you see the order book evolving over the next couple of years, given your geographic exposure to U.S. and other developed markets. Any slowdown in those markets would lead to the cut in IT expenditure. So given the current recessionary view, how do you expect the order book to evolve?

Avinash Sethi

So we don't see recessionary pressures as such. As I said, the market is from insanity to sanity is what we are seeing, which is good. So order book continues to move in the positive direction is what we believe. Next please.

So that's a tough one. What you're asking is, what should be a realistic EBITDA percentage in PAT percentage once the recently increased salary costs are digested, as we see lower attrition now and achieve higher scale, so maybe if you can guide the exact quarter of FY '24? What is organic and inorganic growth Q-o-Q, Y-o-Y for the quarter and 9 months?

So it is totally organic, right? Everything is now organic because we had our acquisition sometime in the month of October, and December quarter already had the numbers. So that's one. So I think of it as a being inorganic. I can't give you exact number or exact time where the EBITDA and PAT margin will be back to the steady-state numbers that we always aim for. So, it's difficult to answer that question. But I would say, maybe next 4 quarters is a fair estimate to have some better numbers showing up from here. Next, please.

Pratik Jagtap

The next one is from S.P Bora. Any approximate amount how much management has decided to give a bonus on March, how much the percentage employee cost may will rise?

Avinash Sethi

Okay. So I think I'll give you a range here, which can vary from INR 5 crores to INR 10 crores. Any number somewhere in between that range is what I can give you.

Pratik Jagtap

And given the time constraints, I think we should take these last 2 questions in the Q&A. So, both are pertaining to EBITDA. So what kind of EBITDA margins are we expecting going forward, basically EBITDA and PAT percent?

Avinash Sethi

I think we are able to protect at 24%. There is a steady state number. So we are more or less there. There are, I think, more factors which is bothering the PAT right now, cost, revenue growth, depreciation, PAT and yes, so multiple factors there. Yes, I think PAT margins, there is no high expectation.

Pratik Jagtap

There are no questions in the participants' chat as well from Q&A. So, I would like to hand over the call to Avinash, sir, and thank you, participants for joining. Over to you, Avinash, sir, for the closing remarks.

Avinash Sethi

Thank you, everybody, for taking your time and spending one hour with us to understand the story better to look at the last quarter numbers and the future directions. Let me also tell you again, there's a lot of media hype on the recessionary pressures and IT demand going down and all of that. But that is mostly around product companies that is mostly around SaaS companies and B2C companies. B2B companies like ourselves, we are seeing stable growth momentum and steady, I would say, demand coming from our customers. We are continuing to try and optimize our cost and also rebalance the pyramid in a way that we recover the margin level that we are very sacrosanct about. So we continue to make the effort, and our organic and inorganic piece continues to grow in the strategies that we listed and the documented ways are same because it has worked, all the strategies have worked for us every quarter and every year. So we continue to operate and work with a very focused mindset. So thank you very much all again, and thanks, and we are very careful for your confidence and trust in us. Thank you so much again. Bye.

Siddharth Sethi

Thank you.

Mitesh Bohra

Thank you.