



# **ALL E TECHNOLOGIES LIMITED**

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## **Transcript of Q4 & FY23 Post Earnings Conference Call**

**Monday May 22, 2023**

Management Representatives

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**Mr. Rajiv Tyagi - Co-Founder and Executive Director**

**Mr. Sandeep Salman - Head of Cloud and Managed Services**

**Mr. Sandeep Jain - Chief Financial Officer**

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*Note: Some conversation that happened in Hindi has been translated to English, and appears in italics in the call script below*

## Presentation

### **Vinay Pandit:**

Ladies and gentlemen, I welcome you all to the Q4 and FY '23 Post Earnings Conference Call of All E Technologies Limited. Today, from the management, we have with us Dr. Ajay Mian, Founder and Managing Director; Mr. Rajiv Tyagi, Co-Founder and Executive Director; Mr. Sandeep Salman, Head of Cloud and Managed Services; and Mr. Sandeep Jain, Chief Financial Officer.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements and these statements may involve risks and uncertainties. Also, this is a reminder that this call is being recorded.

I would now request the management to detail us about the company, their business, the performance highlights for the quarter and the year that went by, and the plans and visions for the business in the coming years, post which we can open the floor for Q&A. Over to you, Dr. Mian.

### **Ajay Mian:**

Thank you very much, Vinay. And thanks everyone who has joined us on this call. I see that the numbers are swelling. I will shift to a slide deck in a moment which was uploaded on the NSE site maybe about 40, 45 minutes back. So you can all download it from there.

Today we are sitting at the end of what has been a defining year for Alletec. Defining in the sense that this year shifted us from the category of - maybe boys, to men. That's what an IPO does to you. We are looking at the organization differently. We are looking at our customers, the people, and the business differently. We are doing the same things and doing more things, but the view has changed a little bit.

And I am happy to share with you now a slide deck which will give you a view to how the year has been, what we are doing. I will try to keep it as short as feasible, leaving a lot of time for questions.

So - the whole content is divided in four basic categories. We will give you a business overview, of course talk about the financial highlights, a way forward, and then there are some annexures, which we may or may not go through depending on the interest and time available.

From a business overview, those of you who joined the call last time, or who have been looking at our financials, would recall that we had closed last year at just over Rs. 72 crores. From there, our numbers this year have

been Rs. 91.5 crores with an EBITDA of Rs. 15.9 crores. The reported PAT is Rs. 12 crores. In this time, we added 40 new customers.

Our receivables are healthy, ~13% of the revenue. Our repeat and recurring business has substantially improved this year. So 91% of the business has been repeat and recurring. And the team strength has swelled to 348.

The revenue that we got from our international services has increased by 36%. I spoke in detail about what the organization is and what it does last time, but there might be some new participants in today's call. So I will go over it a little bit. As a background, we started the company in 2000. We did listing in December of '22. Over this period of time, we have serviced and provided solutions to over 800 customers who have been spread across 30+ countries. And our key drivers are our IP-led solutions. So today, when we go to a customer, we are not implementing an ERP or a CRM, we are basically providing them a solution which helps them successfully go through their digital transformation initiatives.

If we look at the customers and the industries - they come from 10 industries that most of our customers are from [Technical Difficulty] [00:05:17]. So basically, if you look at what's it that we do, we help organizations succeed with their digital transformation.

For those who may not be initiated on this topic - Digital Transformation is not about just automation or deploying some IT solutions. We have all seen that in the last several years how our life has changed and how technology has played a key role in changing our life, be it from the time of the Internet coming, mobility, and then this whole era that has been driven by data.

And between these spectrums, a whole lot of new things have come and the way we do things today are way different from how we have been doing these things in the past. Be it the way how we shop today, be it the way how we get educated or how we educate our children today, be it the way an organization functions, be it the collaboration and the amount of learning and automation that the data that we gather in the process drive for us has completely transformed our lives. And this is evident from, I think every aspect of our lives - be it individual or an organizational life. So what does Alletec do? Alletec provides consulting to organizations to chalk out for them what should their digital transformation journey be like, and then help them identify the solutions and implement those solutions and finally help them succeed with the solutions that have been implemented and seeing that the customer gets an ROI from the solutions that they have invested in.

So, we provide consulting services for solution assessments, product selection, licensing of those products and solutions, implementation, enhancements and ongoing support. As you would see that some of these

things are ongoing, because technology keeps changing, solutions keep getting evolved. And as a result of this, a large number of our customers have been our customer for many years, some of them for 15 years or more. And every customer for us is a multi-year customer.

As an organization, we continue on our mission of enabling organizations worldwide enhance predictability through digital transformation. Our vision is to make Alletec the largest and the most reliable digital transformation company for mid and upper midmarket businesses in India, and in all the markets that we operate in.

Every action that we do is driven by our core set of values, which are responsiveness, integrity, attention to details, customer trust, learning and innovation, and grace under fire. The company was adjusted as a great place to work just a couple of months back.

This team is the same as we looked at last time. So there is Rajiv and Ritu in the Board of Directors. Vinod and Sunil are our Independent Directors. Vinod is from Hughes Systique, Sunil is from Sopra Steria. They both head those organizations. And our lead management then involves Sandeep Jain and Sandeep Salman.

The stack of products and solutions that we use to help our customers go through their digital transformation journey is based on Microsoft, and we use their business application suite of ERP and CRM, their entire cloud solutions offering which are on Azure - be it the infrastructure, the DR and security, managed services. Power Platform, which is low code, no code platform for business intelligence, power applications and AI builder. And then all these services of cognitive, machine learning, and Azure analytics, which are from the basket of AI and Data.

The reason that our customers are with us for multiple years is because every organization has a journey of its own. You may start with one thing, but then since the world around you is moving very fast, you will succeed only when you move faster than the world around you. So you may use an ERP today, then you go on to CRM you may need to move to Azure for your cloud infrastructure and for various other services, but then you need various other applications on Power platform be it for BI or be it for other bespoke applications and then AI and data. So, there's a journey which is ongoing and this journey makes sure that our customers give us the opportunity to keep providing them these solutions for multiple years.

Microsoft has also been amongst the first organizations globally who has introduced the AI solutions into all of their product lines - with a brand name of Co-pilot. There is a co-pilot now for almost every solution that you see here on this screen, which is bringing AI to every organization,

whatever size it be, you have the ability to leverage your data and artificial intelligence to drive your business.

As a company we have been working across various countries, so ~ 30 countries that we have worked in. So if we club them geographically, U.S. is our significant geography from a services revenue point of view. 51% of our services revenue came from the U.S., APAC was 7%, Europe 3%, and interestingly Africa grew rapidly and already comprises 4% of our services revenue. And India is 35%.

The industries that we serve, of these 10 industries higher education is becoming very interesting, green energy and travel both are very interesting. We have IP there, we have products which are loved by customers and we will have an opportunity to talk a little bit about this. Digital natives, retail, professional services, food and beverage, manufacturing both discrete and process, financial services, and channel management. These are the ten industries that we have been working in.

Our relationship with Microsoft is very robust and it's not a single point. We are not just a reseller of their products. Of course we sell their products, but those products are not sold as just licenses. They are an integral part of the solutions that we build and provide to our customers. We are a top-tier partner for them (Microsoft) and these are the solutions that we have kept as a base for providing solutions to over 800 customers in the past two decades.

We work with their product engineering team very closely, which is based in Copenhagen and also in Redmond. We did some feature development work, sustained engineering work, localization work. We understand these products like the back of our palm. We work with some ISVs to help them move their solutions to cloud. We are an ISV development center for Microsoft and we are also the Master VAR.

It should be no surprise that over the last probably 12, 14 years we were chosen by Microsoft as their inner circle member for Microsoft Business Applications - 6 times from India. Usually there is only one every year (from India) and the number of partners in India is not small. But we have always been at the top of the pack.

Working with Microsoft has great advantages, because it allows us to leverage their sales and marketing channel to push our solutions. What we need to do is we need to create a proof point. We say here's a solution, for example the solution for now higher education, which has a great traction, and we will talk about it shortly. We make them co-sell ready publish them on their marketplace, on their AppSource and then it becomes available across several geographies to their sellers and hence to the customers.

The competitive strengths that Alletec brings, one is that we provide the full Microsoft stack. All of us know that the number of solutions from Microsoft is very large, whether we are working as an individual from our home office or we are running an organization, their solutions cover everything. So we as an organization cover the entire stack, and therefore we are able to go through the journey of growth with our customers. We are proud of the retention that we have had. As I mentioned that we have customers who have been with us for 15 years, many for 10 years. At the same time, a large number of our colleagues have been with us for 15 years, more than 15 years and many for 10 years and definitely a lot for five years.

This two decades experience with 800 odd customers is easily the largest that anyone in India has and is amongst the largest that anyone globally has. And this comes from 30 countries. We spoke already about the relationship that we have with Microsoft which is very, very strong. It's not a one-point thing, it's a multipronged thing. They rely us on many things and we leverage them for many things.

So it's not a surprise that if you look at from an organization point of view, we are the largest Microsoft business applications partner in India - barring the big four who may have a larger number of people. But if you look at the partners of our nature then we have been the largest for a long time. And as a result, there's a very strong goodwill of people and we have been recognized as a great place to work.

Listed here some SWOT for us and I think our biggest strength is the significant number of customers that we have, our industry solutions, (which are the IP. When we go into some of these areas, we are able to beat the competition hands down because they don't have that richness of solutions), the experience that we have gained in all these areas, countries, and our deep competence in the Microsoft products, alignment with Microsoft - all of these..

We are not providing bodies or people for resource augmentation, which basically means that the reliance of the customer on us is not just commercial, it is also from an expertise point of view and it gives us consistent revenues over years. The opportunities in front of us are very, very bright. We are very excited. There hasn't been a better time in our life as an organization. The digital transformation momentum is building up, strong growth for Microsoft in this space.

Microsoft is growing faster than the market in this space and they have infused now artificial intelligence in all their product lines. They are going to be ahead of the race with others for a long, long time to come.

And then all of us you know, India has emerged as a global economic power and the response we get from customers now is perceptibly different from what it used to be some time back. We are respected as solution providers and as a country and that helps us build our brand. And of course there are several inorganic growth opportunities that we currently are working on and we should see some result out of that in the months to come. But we have to find the right target.

There are weaknesses that we have and I think the biggest weakness that we are currently working on is that our industry solutions are currently limited to India. We are working to bring them also to our international customers. And then of course the other weakness that we are working on very actively is that our international sales needs to strengthen significantly. We are working on that. Our threat of course continues to be the increasing cost of talent and we have to see how we work around it.

From a financial highlights point of view, this slide kind of puts everything together as you would see that our quarter four has been up from quarter three by decent numbers. And you can look at these numbers and if you have any questions we can answer. But if I talk about the annual figures, our income has grown by 26.5% over last year. You have the EBITDA and the adjusted PAT numbers here. As you know, we have declared a dividend, which turns out to be 16.7% pay-out. We have very, very strong fundamentals. We are sitting on cash and cash equivalent of close to Rs. 95 crores (Rs. 94.2 crores). And in the last year, we generated cash of about Rs. 17.5 crores.

These are our income statements. I will leave the details for you to look at and ask me if there are any questions. These are just charts which give you a view of how the income has moved, how the adjusted PAT has moved and of course, how the net worth has moved, which is over Rs. 100 crores as of now.

These are interesting slide - even though our revenue increased by 26.5%, interesting thing to note is that our revenue from the top five and from the top 10 did not change much. Which basically means that our revenue growth has been from several customers. It has not been a reliance on one or two or few customers which have suddenly given us a spike. Those customers have also grown, but they have not grown anything beyond what the overall growth has been. The absolute growth has come in from other customers. As we said, we have added 40 new customers this year, 28 domestically, 12 internationally, and the total number of our active customers - we have 146 from India and we have 80 internationally. And as I mentioned, our Y-on-Y growth on the services revenue, international services revenue was 36%.

Here are the five drivers for our growth forward. We will continue with our IP led growth and this is where higher education, green energy, and travel play a significant role. The Microsoft Business Applications space is growing faster than the market, so this will put us in good standing where AI powered co-pilots are finding very good traction & excitement in the market.

Our international focus is increasing significantly as we see Africa numbers have increased substantially from last year and we are getting good business traction. You must have read about our recent announcement on acquiring a large retail customer in Nigeria and my other colleague Ritu, who's also an Executive Director, actually left for Nigeria last night and is therefore not in this call. That's a great and exciting place that we are building up.

The new offerings, we have more customers on the data analytics side, BI side, our Azure and managed services are increasing. And of course, we are working actively to find Americas based companies in our space or adjacent space for our inorganic growth.

The three out of these five which will get the most focus are the IP led growth on the higher education, the Africa geography, and of course the Americas geography. On the higher education, this slide kind of gives you a view and I'll give you opportunity to ask questions on it and Rajiv will provide you more details. But the solution that we have built on the Microsoft Business Applications and other technologies stack comprises almost everything that a large educational institution can think of needing and doing within the organization.

We are looking at the whole admissions module, academic module, examination, fee management, quality and accreditation, hostel, mess transportation, procurement, placement and alumni management, student welfare, and the entire stack which you can see on the left of Microsoft has been used for building these solutions.

And as you can see at the bottom, the largest group of educational institutions in the country is our customer. The Manipal University and various components of Manipal University have become customers. And you can see that this has picked up momentum, and we have a healthy pipeline for this solution.

Africa geography is building up. In FY '22, we did services revenue of only about Rs. 64 lakhs. Last year, it became Rs. 1.9 crores. But then currently, we have an order book and pipeline of about Rs. 2.5 million. And this is a very healthy growth that we are seeing. This is an exciting market that we are looking at.



The Americas business continues to strengthen for us. We have added new customers. We are working for inorganic growth, and our relationship with Microsoft continues to be strong.

The annexures basically have the annual income statement, the balance sheet, the CSR contributions that we made. Here are some awards and accolades that we had picked up on the way. I will not read these. I would rather stop at this point and just open for questions.

So if you are okay, I will stop sharing this deck.

### Q & A Session

**Moderator:** Sure, sir. Thank you so much for the detailed discussion. Participants who wish to ask a question may use the option of raising hand. In case you have a problem with that, you can also unmute and ask. We'll take our first question from Varun. Varun, you can go ahead.

**Varun Agarwal:** Hi. Am I audible?

**Ajay Mian:** Yes. Varun, you are audible.

**Varun Agarwal:** Congratulations for a good set of numbers. And we really appreciate from the investors community that you are taking this initiative of doing regular earnings calls.

**Ajay Mian:** Thank you very much, Varun.

**Varun Agarwal:** Almost all of your team is present. That's also well appreciated. Out of these 350 odd employees what we have, how many are working from office and home?

**Ajay Mian:** Okay, so you know what COVID has done to the workplaces. Earlier we could say that we have five offices in Delhi/Noida, Mumbai, Kolkata, Chennai, Bangalore. But now we probably have 100s of offices. We have people working from Kashmir to Kanyakumari - actually. And earlier, I don't think we ever hired anybody from Kashmir for that matter. Who would want to move from the paradise of Kashmir to Noida?

But now we have probably eight or nine people working from Kashmir. So people are everywhere. But you see at our main office, which is in Noida, every day we would typically have between maybe 20, 25 people. It's not the same 20, 25 people everyday. Some people will come on, let's say, a Monday and a Wednesday. Some will come on a Tuesday and a Friday. We have not mandated anyone. The Business Unit Heads and the Delivery Unit Heads manage this.

And they call in their people as and when they think there is a need. So from an organization, there is no mandate.

**Varun Agarwal:** So we are comfortable to continue the same way going forward?

**Ajay Mian:** Yes, yes.

**Varun Agarwal:** And about our acquisition, is there any update?

**Ajay Mian:** Yes, so from the time that we went public in December, we have evaluated several. There were at least three where we had several rounds of conversation. There is one which I would say currently is still under conversation, but the other two we had dropped for one reason or the other. I think in our last call somebody had mentioned that don't make a large acquisition, which pushes us to take a loan and so on.

And all of these are very, very important aspects, but most important aspect is that we need one which is a good fit, and there are several aspects to this. The matching of the chemistry, the alignment of the businesses, and so on. The money that we have raised is very precious. We keep it very safe. We are going to spend it very judiciously. So we are not going to hasten something simply because we have money lying in the bank and we want to show somebody that we have done something. We are going to do what makes sense.

**Varun Agarwal:** Right. So this third one which is still in our hands this is in which domain?

**Ajay Mian:** So they do the same thing as we do but in the U.S.

**Varun Agarwal:** Okay. And roughly what is the revenue size in that?

**Ajay Mian:** For this company revenue size is a little over 5 million (USD). But as I say this, please take it with a pinch of ... I would say this *because a lot of such conversations happen*. I spend a significant amount of my time ... *and I informed you about 6* but I must have evaluated at least 15/ 20 organizations, I must have spoken to many people, *but these six are where we have had at least four to five rounds of conversations*.

**Varun Agarwal:** I understand. Now that we are working in the Microsoft digital transformation domain, so I see that we are expanding geographically, taking up projects in Africa and also expanding in the U.S. Other than this particular business vertical or domain, are we looking at entering something else or we will continue to focus on this?

**Ajay Mian:** We spoke of 10 industries, *and for these 10 industries we have several customers for each of these*. What happens is *certain industry solutions are in prominence at one time, and certain other solutions would be in prominence at a different time*. So I would say right now, and in the coming

times, the three that we have spoken of are still being looked at by customers and the ecosystem with a lot of excitement.

We, for example spoke about Retail. Now, Retail is not in the list of 3 solutions we spoke of. But you see, this large project that we have acquired in Nigeria is a retail project. *and there are some others like this.* I will ask Rajiv talk a little bit more about this, the education solution, particularly if anyone of you want to ask questions on that. But I would say that we have to keep adjusting ourselves and see that we make our investments in the areas which are growing at that point in time.

**Varun Agarwal:** The similar kind of service you're talking about offering to different industries, right?

**Ajay Mian:** So one answer is yes, but the other answer is that - *the 'similar' here keeps changing with time. Ten years ago 'similar' meant merely implementing an ERP for maybe 10 different companies. Now, in the last ten years we started doing CRM also along with ERP. Next came the times when we also have to deploy Business Intelligence. Then came the time when we also have to develop Apps on Low Code solutions. And then has there been the question of what to do with the massive data that is being generated. So, it's not similar I the sense that we are doing today what was done for (let's say) Asian Paints 15 years ago. The solution requirements, and the business systems have changed so much that what we are doing for a customer today is very different from what we were doing for that customer may be 5 or 10 years ago.,*

**Varun Agarwal:** *Okay. For FY '24 or the next three years, what will be the outlook in terms of new business?*

**Ajay Mian:** *Look, this question, if you were there in the last call, then you would remember that it comes up every time. It's a natural question, so obviously, our effort remains to keep improving our performance. .*

**Govindasamy:** Sorry to interrupt, sir. This is Govindasamy. Can we converse in English, because I don't understand Hindi.

**Ajay Mian:** Yeah, sorry. So apologies, Mr. Govindasamy. So, you see, we keep working to see that our performance keeps improving. So we don't want to kind of give any guidance to it but our whole effort is to say that the coming year or this year is better than the last year.

So you would recall one gentleman had asked me in the last call that do we think we will cross Rs. 100 crores next year?. So you see that at that time, we said, we will be surprised if we don't. But the numbers that we are looking at, we are far closer to the 100 mark today than we were at that

time. And we are certainly looking at crossing that number in a healthy manner. And keep doing what we are doing better.

**Varun Agarwal:** Is there a scope to further expand our margins in terms of EBITDA to 20% plus going forward or...?

**Ajay Mian:** Yes, definitely it is. And you see, our business is a combination of domestic and international services. One side India is now the largest growing economy. What that means is that India has to be very important for the whole business.

At the same time, we are working to build a healthy mix of international services. And also our prices to our customers are going up. So these two things together will ensure that we get better EBITDA margins. And the third component is our IP led growth. It will reduce the uncertainties in our projects and give us some revenue. Rajiv, you want to add something to it?

**Rajiv Tyagi:** I think this IP revenue is a very important thing, because currently it may be for those sectors around 20% of the total license value, but that is what is going to increase as and when we are getting more customers, where we are selling our IP. And as the solution becomes more mature, the value of the IP will increase and that is all adding to the bottom line.

**Varun Agarwal:** So this business which we are getting from Africa, does that business has the same similar margins what we are doing right now? Or it is less or more?

**Ajay Mian:** Sorry, can you repeat please?

**Varun Agarwal:** The business what we get the new business from Africa, the recent contracts -this business will have a similar margins what we are doing now or it's going to be less or more?

**Ajay Mian:** See our margin in international businesses is significantly more than the margin from India.

**Varun Agarwal:** Even if it is an African country.

**Ajay Mian:** Even if it is an African country. In Africa, we work at the same rate, roughly the same rate at which we work in the U.S.

**Varun Agarwal:** Okay. So this business of Ed365, this is something like a platform we have built and we are going to give it as a subscription to different institutions?

**Ajay Mian:** I will let Rajiv answer that.

- Rajiv Tyagi:** So you are right. So it is a solution built on the Microsoft platform, which is available on the Cloud as a subscription service. And while it contains Microsoft licenses, it has our own IP share as well.
- Varun Agarwal:** So as and when we keep getting more users for this, our cost will not substantially increase, but our revenue will grow, right?
- Ajay Mian:** Correct. Absolutely.
- Varun Agarwal:** And this space already has lot of competition from others who have built similar products?
- Rajiv Tyagi:** There definitely are and which is a good thing that we have some competition. But at the moment, all the institutions, they have some system or the other, but they are all broken systems.
- Varun Agarwal:** Yes.
- Rajiv Tyagi:** And now the technology has changed. So we are fortunate that we actually invested only in the last two years. And we are working on the low code, no code along with the AI and whatnot. For us to start with we started on a platform which is very, very scalable, very modern, and completely end-to-end. Most of our competition - they don't have all the three components with them. So we have the entire end-to-end solution with us.
- Varun Agarwal:** For client conversions.
- Moderator:** Varun, can we take the other participants as well. Then we can continue.
- Varun Agarwal:** Yeah. One last thing and I'll stop here. For client conversions in this Ed365 we must be having face-to-face meetings with the clients, right?
- Rajiv Tyagi:** We do, it's both. As I said, we sell directly and indirectly as well through the Microsoft Connect. Microsoft already has identified education as an important industry. They sell their regular licenses, they have a special education pricing. So Microsoft has that connect. They take us to the different institutions wherever there is need.
- Ajay Mian:** And then of course, we do it directly. So what he's saying basically is that other than what we do, there's a great support that comes from Microsoft. And just to add to what Rajiv said, our solution right now is the only solution which leverages the most advanced and modern tools from Microsoft. Be it on the ERP side, CRM side, data side, AI side for building the solution. It's a little bit like saying that while ERPs were there in 2000 also, and there are ERPs today also. But the two are very different.
- Varun Agarwal:** Okay. Thank you so much for patiently answering my questions and wish you all the best for the coming quarters.

- Ajay Mian:** Thank you very much, Varun. Thanks for coming for the call.
- Varun Agarwal:** Thank you.
- Moderator:** Thanks, Varun. We'll take the next question from Shashank. Shashank, you can unmute and ask your question.
- Shashank Rastogi:** Hello, sir.
- Ajay Mian:** Hi, Shashank.
- Shashank Rastogi:** Congratulations for the good setup.
- Ajay Mian:** Would you like to switch on your video?
- Moderator:** Shashank your voice is not audible. No, I think there's a bandwidth issue. It's better you switch on the video.
- Shashank Rastogi:** Now can you hear me?
- Ajay Mian:** Yes. Better.
- Shashank Rastogi:** Yeah. So, sir, recently Amazon Web Services has announced a big investment in India of \$13.7 billion. So any chance like Microsoft Azure is also looking for a bigger investment in India for the next decade? And what prospect, does it has a ripple effect on your business potential as well for the future?
- Ajay Mian:** Yes, let Rajiv answer that.
- Rajiv Tyagi:** Yeah, you're right. India is a major destination for Microsoft. So they are investing big time in developing the data centers. Actually, they are ahead of the game in terms of having the local data centers. So there is a significant investment done by Microsoft for the Indian market and they are putting dollars for each of the product portfolio. Not only Azure, which is the Cloud, which is obviously the highest selling product, but also the business application, the modern workspace, security.
- So they are getting into all the areas and working with government, private sector, small and medium sector all across. So for us, it is a very positive alignment because there is a lot of marketing dollars being spent by Microsoft in market making. And we expect that there is more opportunity and lesser partners to serve that.
- Shashank Rastogi:** Okay, sir, one follow-up question for that. Recently I have seen that for edge devices also, there is a major investment that is done by Qualcomm and Google, because AI is not possible without Cloud. So they are looking for the alternate solution for it. So will it have a negative impact on the Cloud revenue in future?

- Rajiv Tyagi:** But edge computing is also part of the Cloud even for Microsoft.
- Shashank Rastogi:** Okay, so no negative impact.
- Rajiv Tyagi:** Nothing that we are anticipating at the moment. Nothing.
- Shashank Rastogi:** Okay, so thank you so much sir.
- Ajay Mian:** For the interest of other people, let us understand what is edge computing and what is the relevance of your question.
- Shashank Rastogi:** Thank you, sir.
- Ajay Mian:** So edge computing is, to give you an example, if you are driving a car and the car sees an obstacle in front of it, if it is an auto driver car the car needs to react to do something. Now, what happens is - by the time the camera of the car captures that image, sends that data wherever that data is getting processed and the response comes that stop it might be too late because the time available for you to do something is very, very short.
- So for this purpose, some of these things are better done with edge computing. The edge is literally the edge at which your devices and user is interacting. So some of those things need to be done there. But finally, once that piece has been done, this whole data still needs to be picked up. It still has to be sent to the back end, it still has to go to the Cloud and then the systems have to learn from this. So these are not mutually exclusive kind of things. These are all different pieces in the game, which is building up together.
- Shashank Rastogi:** Thank you so much.
- Ajay Mian:** Thank you.
- Moderator:** Thanks, Shashank. We take the next question from Govindasamy.
- Govindasamy:** Hello, Ajay, sir. First of all, thank you for the presentation. It was neat and you have covered all the questions that an investor would ask for. Now, I have a couple of questions. First one is in our weakness you have mentioned that we should have a better sales in America and other geographies, right? What are the steps that we have taken to cover those?
- Ajay Mian:** Yeah, sure. So obviously it isn't just a chance that more than 50% of our services business is coming from the U.S. There's a significant amount of sales push that we are doing. But at the moment, we have only one sales person based in the U.S. But then we work with a set of affiliates and partners and Microsoft helps us, but this is something that we are building up.

So already we have a couple of visas in process, so the strength of the team will increase at least in the next few quarters. For the entire inorganic growth push, we are very focused on ensuring that we are able to do it in the Americas region. So that will be a game changer.

**Govindasamy:** Are we trying to recruit people from U.S. directly or trying to push people from India, Please?

**Ajay Mian:** See, both. So for example, the one salesperson that we have there, he used to work in the U.S. for 10 years before we brought him on Board, so he knows the geography. The one other person that who should be going very shortly is from here, but he's a senior, I would say consulting person. Then there are other people that we are trying to hire from there on the sales side. But an acquisition in the U.S. would be the biggest boost for these efforts. But we are also making sure that we are doing all that needs to be done for ensuring that the organic growth also continues.

**Govindasamy:** Okay, sir, the second item is. I've heard about IP solutions and other products that Rajiv sir also explained about it. My question is, is that a product that we built and we are trying to co-brand for all the other customers? Or how are we taking that off?

**Ajay Mian:** So you see, the whole approach is that don't try to reinvent the wheel. The Microsoft products provide us the baseline. And so this baseline is applicable for all industries, all types of products. What we do is that on these then we bring in the industry knowledge and we build solutions for specific industries, for specific types of customers on the base of the product line that Microsoft has brought forward, there will be some pieces that we might be adding to that which are our own completely. But largely, I would say that the base product line is from Microsoft, on top of it the industry solutions are developed by us based on our experience of those industries.

**Govindasamy:** Got it. So we don't build a product assets, but we are taking the baseline from Microsoft and...?

**Ajay Mian:** Absolutely, Mr. Govindasamy. Because you have to see how far will you go. So some of these products today are as basic and as fundamental as, for example - you don't write a Microsoft Word, for example, or a Microsoft Excel to build an application. You build on top of it. So some of these other business application products are also becoming as standard. And therefore there's no point of trying to reinvent the wheel. We must do the value add rather than putting our investments into things which have become standard now.

**Govindasamy:** Yeah. And my last question is with the AI and the machine learning growing up, right? I've seen in your deck that we are going to leverage co-pilot and other Microsoft AI products. Are we having ideas of leveraging



other AI platforms like ChatGPT and other items as well or we are just going to concentrate on Microsoft AI tools?

**Rajiv Tyagi:**

So ChatGPT again is actually kind of owned by Microsoft now. And Microsoft is leveraging ChatGPT already brought it into multiple products with different use cases. So what is going to happen in the next one, two, three years that a lot of new use cases will be discovered in the industry where how the ChatGPT and the AI will actually help and which is what is happening. And that is what we are also doing. In different industries we are trying to figure out the different use cases, what are the low hanging fruits and then what can be done where more process restructuring might have to be done.

**Ajay Mian:**

So just to make it more explicit, although Rajiv has already mentioned, the co-pilot is built on ChatGPT. It's an integration of ChatGPT into various Microsoft products.

**Govindasamy:**

Got it, sir. Thanks for answering all my questions patiently.

**Ajay Mian:**

Thank you very much for coming for this call.

**Govindasamy:**

Yeah. Thank you so much.

**Moderator:**

Thanks, Govindasamy. We will take the next question from the line of Mayur Tyagi.

**Mayur Tyagi:**

Hello. Good afternoon. Am I audible?

**Ajay Mian:**

Yes, Mayur.

**Mayur Tyagi:**

Yeah, good afternoon sir. So sir, I was going through your presentation and I see that in the IP led growth section you have mentioned that you are building some kind of a product or a platform related to Green Energy. So can you elaborate on that what this product look like? Or I mean related to that. And if you can also elaborate direct to travel also that if you are building any product related to it or you've already done that, if you can just elaborate on that. Thank you so much sir.

**Ajay Mian:**

I will have Rajiv answer that.

**Rajiv Tyagi:**

Again, it is based on Microsoft technology. So for the renewable energy, we already have at least 10 plus customers in the solar power. So where the companies, they set up the solar power projects. So starting from the process of land acquisition till the project is set up and then doing the billings, because there is a different business models that get adopted. So our solution takes care of end-to-end process for these solar power project companies.

And on the travel, that solution is already being reached to a mature stage where if you take the case of any travel portals in India, be it MakeMyTrip, Yatra, Cleartrip, Riya Travels, EaseMyTrip. They are all our customers. They are all using. What we do is - all the travel companies, they do the booking on their travel portal. But once the booking is done, then all the data comes into our system and then everything is completely automated from the financial accounting to creating the books of accounts, commission calculation. So all the downstream processes, they are completely automated. And that is what is taken care of by our solution.

**Mayur Tyagi:** Okay, understood. Thank you so much. Thank you.

**Ajay Mian:** Thank you very much.

**Moderator:** Thanks, Mayur. We'll take the follow-up question from Gurbakhsh Singh.

**Gurbakhsh Singh:** Yeah, hi team. Am I audible?

**Ajay Mian:** Yes, Mr. Singh.

**Gurbakhsh Singh:** First of all, congratulations on a good set of numbers. My question is that with regards to the product and services within the higher education space, could you throw some more light as to basically why, I'm curious to understand here is that there's a big space out there in the higher education space in India also, right? And we have one of the prominent clients already in our kitty as Manipal University. Why only one client and how unsaturated is the market? How do you see this space maturing for the company going forward?

**Rajiv Tyagi:** Correct. So while we might say that it is one client, but with Manipal we are actually doing seven projects. Overall there are around 80 plus institutions that they have. So be it Manipal University, Jaipur, or the Mahe Institution. Then we have these learning organization, which is UNext, and then MeritTrac. So it is just not one, but multiple projects which are happening. And they touch base almost all the complexities.

The medical colleges, we have the architecture, design, engineering are obviously the most common one. So that way we have a very wide variety that is happening. And this year is the year where we are actually maturing our solution, bringing it to the level where we can then after the next two quarters - we have the complete plan to scale the whole thing.

We already have a healthy pipeline where we are already talking to different other customers at very advanced stages where conversion has not happened as of now. And next year is where we see it to be scaling not only in India. As I said, the solution will become published on the AppSource. It will become portal ready with Microsoft. And then we are also looking for the

universities outside India, so that we can leverage the dollar value. So you are right that in higher education there is a lot of potential within India and obviously outside India as well.

**Gurbakhsh Singh:** Yeah, so just a follow-up on that. So when you say that we are approaching other universities also, the product or the solution that we are providing, is that a replacement of an existing systems that the universities might be having or is it that we are trying to get in to a completely new space, which is so called white space. I mean, they don't have anything as of now. So is it enhancement of efficiency at the university level for their operations or is it something else? Sorry for my ignorance.

**Rajiv Tyagi:** No, no, it's a very valid question and very important question. So what is happening is 90% of these institutions will have one system or the other. And in our experience, all of them will have at least more than four to five systems. And there will be a different level of evaluation within the institutions. And what has happened is that in the last two years, since 2020, Government of India has come out with a new education policy where one can have multiple entry and exits. You can get into different programs. You just don't have to take one program.

There are structural changes that have been brought in and because these institution are stuck with the old system. for them to make changes to those old system is not a very easy thing. And because everything is getting digitized, the expectation of the students, parents, faculty - it's of a different level. To manage the stakeholder experience - and now obviously the tuition fees and every fees have also become very high - the expectations on 'experience' are also very high. Because of that- they have to change their systems and that is the opportunity.

**Gurbakhsh Singh:** Okay. Thank you for that answer. Just another follow-up on the same question, if I may so. In the education space, is it the government universities or the private universities that you see? If you have to compare where the opportunity is more for the conversion, where do you see more traction building up in time?

**Rajiv Tyagi:** At the moment we are focused on the private universities, which are actually affiliated with the central universities or some other university to award the degrees and overall they are 16,000 in numbers.

**Gurbakhsh Singh:** Okay, got it. That's all. Thank you sir. Thank you for the answers.

**Ajay Mian:** Thank you very much, Gurbakhsh. Thanks for coming.

**Moderator:** Thanks, Gurbakhsh. We'll take the follow-up question from Mayur Tyagi.

- Mayur Tyagi:** Hello sir. Can you please tell us what are the major verticals? Because we have one customer in Africa related to our retail product and now we have higher education also then Green Energy, then travel. So these four are our main verticals here?
- Ajay Mian:** If you go back to the slide deck, you will see there's a slide that talks about the 10 industries that we largely work in. In some, we have more traction this year than we had last year and the intensity keeps changing. Most of our customers come from those 10 industries.
- Mayur Tyagi:** Okay, thank you. And I have one confusion, actually, because as I could understand that ours is a product based organization. So we basically make products and customer pay services for using our product. So like this retail and higher education, so we have a common product. Did we customize our product for every customer? So is this something like that or if we have a product and all customers are able to use that product without any customization needed?
- Ajay Mian:** It's a little bit different from what you just said. The core set of products are built by Microsoft. And it's not one product, multiple products. What we do is we have our expertise on the business and industry. We understand, for example, now what a higher education institution requires, we understand what a travel business needs. We understand what manufacturing needs and what a Green Energy business needs. We use the product line to build solutions for that business.
- Think of it a little bit -, very vaguely and crudely speaking - these products are like wood. You may have somebody who specializes in making furniture and you may have somebody who specializes in making doors and windows. So that is the difference. We do the consulting, business consulting, we identify what does the customer require and how we need to adapt our solutions for them. The 10 industries that we have mentioned, each of those industries would have many customers in those industries.
- Mayur Tyagi:** Got it. Thank you so much.
- Ajay Mian:** Thank you.
- Moderator:** Thanks, Mayur. Kshitij Saraf wants to ask a question. Kshitij, you can unmute and ask.
- Kshitij Saraf:** Yeah. Hi, thanks for taking my question. Just wanted to understand broadly, how is the pricing model like? So when you do your migration or when you do app development, is it an annuity-based, is it project-based, because you mentioned 91% almost is recurring revenue. So how do we get to that?

- Ajay Mian:** Sure. So first of all, the (customer) engagement may have a component of product license and some services. The product license is annuity-based., The services - the nature of services may change - you may have an entire implementation, but after you have done the implementation then you would have support, then you would have enhancement. So, our model is both a solution and the services with it. Did I answer your question?
- Kshitij Saraf:** Yeah, yes, yes. Got it. Thank you. Just one more question. Are you looking to stick to Microsoft as a key partner or at some point along the line do you plan to have other hyperscalers or other partners when you look at it?
- Ajay Mian:** Sure. Yeah, absolutely. So as everybody in this call would know - today Microsoft is amongst the most leading organizations in the world providing technology solutions and business applications. At the same time, we know that there are some areas where some other solutions are leading the pack.. So for example - and I'm not saying that this is something that we are going to do tomorrow morning - there are areas that may not be strong areas of focus for Microsoft, for example ServiceNow.
- So these are the areas where we are not averse to saying that we have to go beyond Microsoft. We just want to make sure that the product line that we have picked up from Microsoft is a globally leading product line. And we don't want to put things in our basket simply, because we want to kind of give people an option. Because we are providing solutions, we are trying to solve their business problems. We are trying to help them succeed with their digital transformation initiatives.
- We think that the product line that we carry with us should be able to do that. Now, even if you keep to Microsoft, you see Microsoft has two ERPs. And each time you engage with a customer, you have to make that decision. Is this one better or is that one better.
- We haven't come across a situation where we would say that there is a set of customers where Microsoft ERP is not good at all and we must have something completely different.. We are not into the trading of something, we are into consulting and providing solutions.
- Kshitij Saraf:** Thank you. That's very helpful.
- Ajay Mian:** Thank you very much, Kshitij.
- Moderator:** Anybody else who wishes to ask a question may use the option of raising hand. In case there's a problem with your line, please unmute and ask your question. Yeah, Vivek, you can go ahead please.
- Vivek:** Yeah, thank you. Congratulations for the results posted. My question is on plans originally stated during the IPO time to look to seek to acquire

companies that will help in some ways the growth of Alletec. In terms of coverage of the market, and in terms of other solutions or services capabilities that will enhance our growth? Thank you.

**Ajay Mian:**

As I mentioned a little while back, working on identifying acquisition targets is a very important activity that we spend a significant amount of our time on. Over the last four five odd months we have looked at and evaluated many companies, gone ahead with several rounds of conversations with some. We have engaged a couple of investment bankers who keep bringing opportunities to us.

So this is an extremely important, initiative for us. And we'll continue to spend the needed amount of time, and when we find the right target we will spend the needed amount of money on making that acquisition.

**Vivek:**

Thank you.

**Ajay Mian:**

Thank you very much. Thanks for coming for the call.

**Vinay Pandit:**

I think that is the last question for the day. Dr. Ajay, I would request you to give your closing remarks.

**Ajay Mian:**

Well, thank you very much, everyone who joined us on the call - really exciting. At the moment, we are at easily the most exciting phase of our organizational career. Everybody within the organization is excited about what's happening. We are getting more opportunities, and our solutions are being accepted well. We continue to be at the top of the Microsoft ecosystem, partner ecosystem. So, exciting times, and we look forward to come back and reconnect with you on our next call. Thanks for coming.

**Vinay Pandit:**

Thank you, sir. And thank you to all the participants for joining on this call. You may log off now. And thank you to the management for giving us your valuable time. Thank you.

**Ajay Mian:**

Thank you everyone.

**Rajiv Tyagi:**

Thank you everyone.