ALL E TECHNOLOGIES LTD.

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Transcript of

Q2 & H1 FY'24 Post Earnings Conference Call

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Management Representatives

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Ms. Ritu Sood – Executive Director

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Presentation

Vinay Pandit: Ladies and gentlemen, I welcome you all to the Q2 FY '24 Post Earnings Conference Call of All E Technologies Limited. Today on the call from the management we have with us Dr. Ajay Mian, Managing Director; Mr. Rajiv Tyagi, Executive Director; Ms. Ritu Sood, Executive Director; Mr. Sandeep Jain, Chief Financial Officer; and Mr. Sandeep Salman, Head, Cloud Solutions.

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

I would now request the management to detail us about the performance highlights for the quarter that went by, your growth and vision for the coming year, post which we will open the floor for Q&A. Over to you, Dr. Mian.

Ajay Mian: Thank you very much, Vinay. Thank you everyone who has taken time today to join the call. This is a festival week, we realise that, so really appreciate you are dedicating some time to us.

Before moving forward, let me try to put up the presentation. So, some of you might have seen the results already, might have also had a look at the presentation. So, take this more like a conversation opportunity - to ask questions, to make suggestions, and generally have an update on what we are doing and how the business looks like.

So, the structure for today's presentation is - we are going to put up the numbers first and then we speak a little bit about the story behind the numbers. The other regular stuff has been like last time grouped again under 'what's steady', and then the statutory 'annexures' are there for all of you to see at your convenience.

So, if we look at the quarter behind us. Our income from operations was ₹28.8 crores. The total revenue which now includes interest income was ₹30.7 crores. Our EBITDA was ₹6.6 crores, and we did a net profit of almost ₹4.8 crores. This resulted in a net profit margin of 15.6%. Our international services grew 36.9%. We added 11 new customers. Our repeat and recurring revenue was 91.2%, and the team strength was ~350.

Now, if I look at the H1, this is just adding the last two quarters, but for the sake of completion - our income from operations stood at ₹55.8 crores. Our total revenue at ₹59.4 crores. EBITDA at ₹12.1 crores. Net profit at ₹8.8 crores. The net profit margin at 14.9%. Our international services grew 32.3%. We added 27 new customers during the H1. Our repeat and recurring for the two quarters together stood at 94.2%. And the team strength has stayed consistent at around 350.

If we now look at our performance as percentages, our revenue for the quarter grew 6.9% over the last quarter. Yes, as some of you might be thinking, this indeed is the first time that I recall that our quarter-2 has been bigger than quarter-1 for reasons that we have mentioned in our past conversations. But we are not complaining. We are happy that it is so. It just sets a new benchmark for us, sets a new bar for us for moving forward. Our year-on-year growth has been 56.8%.

Well, before you ask me, let me also say that some of this increase, Y-on-Y, which may appear non-trivial, is also because (maybe) in the year before our quarter-2 wasn't that good. But as we keep getting stronger, the challenges will only become stronger as well. And we are equipping ourselves to get over those. But I think the healthiest thing is that our EBITDA this time now crossed the 20% range that we had been working under. So, we went to 21.5%. Our net profit therefore jumped to 15.6%. All these numbers have resulted in an EBITDA growth of 18.6% Q-on-Q and 123.6% Y-on-Y. The EBIT growth was 19.2% Q-on-Q and 126% Y-on-Y and the net profit growth Q-on-Q was 18.6% and Y-on-Y it was 118.9%.

If we look at the half year, the total revenue grew year-on-year by 39%. The EBIT stood at 20.5% and net profit at 14.9%. This means an EBITDA growth between H1 of this year and last year is 72.4%. The EBIT growth is 72.7%, and the net profit has grown 71.7%.

This slide gives a view of the percentage of services business that we have had from different regions. You'll see the numbers are roughly the same. So it shows that we have had consistent push in all geographies. India was 36.3% in Q2 and for H1 it was 36.2%, U.S. again, 42.4% and 42.5%, Africa 10.1% and 10.3%, APAC 7.0% and 7.6%, Europe slightly increased just one odd new customer 4.2% in Q2 Vs 3.4% in the H1.

(Next slide) These graphs basically show how the numbers have moved. You can study them at your convenience. There isn't much that I have to explain on this. (Next slide) This again shows the contribution from our customers to our business. Our top five customers contributed 17.3% to the revenue and our top 10 contributed 28.3%.

If you look across the bars, you will see that the number has stayed roughly the same across quarters, very, very small difference, which is an indicative of the consistency of the business and the stability of our customer connections, our engagements, and overall business. The number of customer adds, which I had mentioned was 11; of these, seven are domestic and four international. And in H1 the total number is 20 domestic and seven internationals. On this side is a view to some of the key clients. Not all of them have been acquired in Q1 or H1, but we did some significant engagements and projects for these during this period. Even though some of them have been our long-time customers.

So, these are the number and the next few slides is what is closer to my heart because that gives the story behind the numbers. One of the most important things that I had made a mention of in the last call was that we are working with a prominent financial accounting software company here in India - moving them to cloud. So, the news is that this company is Busy. I think other than Tally, Busy is probably the most prominent accounting software - very dominant in the market. So, we have been engaged with them and we carried out very stringent proof-of-concepts and ultimately, they have decided to move gradually to Azure. We carried out the entire application architecture redesign, which will ensure 99.99% availability of the application. We had to redo the security architecture of the application and also user access. The deployment strategy for scalability, business continuity and data availability strategy. So, as a result of the successful POCs, all the new users on the Busy Accounting Software are now being provisioned on Azure. And majority of the existing users are expected to be migrated over a period of next 36 months.

Just for information, Busy has more than 350,000 active users in the country and they have a network of 450 channel partners. By moving to Azure, Busy is taking steps to fulfil their mission to be the most secure accounting package on the cloud. Most of you might know, but just for your information, Busy Accounting is an IndiaMart company.

The momentum on EdTech continues, although the last quarter was largely spent in executing the projects that we had won, but we did get an LOI from a large university in North. We also made some significant product enhancements during this period. So Generative AI using the Azure OpenAI services has now been bundled into the product. Several functionalities of the application are now using Generative AI to give an edge to the users. The Phase 1 of solution has gone live with the American University Antigua and SI UK, and several universities are currently assessing the solution that assessment continues to be underway.

We combined our experiences of couple of projects in the banking and financial services industries and put together this product called BAFINS, which is Banking and Financial Industry Solution. The solution enables these organisations by letting them enhance their operational productivity, customer satisfaction, customer loyalty. So, for banks, while we don't do the core banking, we do everything which is around enabling them to manage all these functionalities. And we have a new customer win here. The National Bank of Kenya has communicated to us that they have decided to go with us using this solution. I must mention that this is currently in contracting stage, but the communication of the win has been made to us formally.

In our last calls, we had mentioned that we are having some opportunities (that we are working on) in the Data Engineering Space. So again, one of the important projects where we have been communicated recently (couple of weeks back) that they have chosen to go with us. This is the Zambia Electronic Clearing House, ZECHL. So, it was again a very tough competition, a tendering process. And this is also now in a contracting stage.

Incidentally, Zambia Electronic Clearing House is (the largest in Zambia) an organisation which runs a national financial switch, which includes the electronic fund transfer and cheque clearing. We are going to build a data warehouse for them. And on top of it, we will do data analytics and visualisations, which will include data transformation, cleansing, harmonisation, multi-dimensional data modelling, setting up data governance and access. And in the Phase 2, we will go with AI and ML.

U.S., as we have been saying, is a key geography for us. We continue to push for sales and marketing efforts there. As we had mentioned in our last call, we hired a Head for our Canadian Operations, who you can see in this picture on my right side. There is also our colleague from Dallas. We recently participated in a pretty large conference and exhibition there (in the U.S.) and our commitment to that region, and push for building up that region, will continue over the next couple of years.

The good news is that Microsoft is growing as well. They recently released their numbers for Q1. The Intelligent Cloud business has grown 19%. The Azure has grown 24% and the Dynamics 365 grew 28%. These numbers are the largest in the industry. So, Microsoft's momentum continues. We are leveraging that, but obviously we have our own initiatives as well through our industry solutions, our IP and our geographic spread and we will continue to build on that momentum.

This slide is – and what we saw last time has not changed - what's ahead of us. The urgency for businesses to embrace digital transformation will continue. The demand for businesses for Intelligent data platforms is going to continue. Modernisation of applications is going to continue. The acceptance of Azure is increasing and getting strengthened further. Most of the custom applications are now being built on low-code no-code platforms where we are doing a significant amount of work.

And then our geographic spread is a strategy that we are going to leverage for our growth and for continuity of business. The remaining slides you have all seen. So I will just shuffle through them. In case you have any questions, you can stop me. Else (at the end) I have not made any changes here. Everything is what you have seen before. These annexures are just statutory documents. Nothing new there.

Moderator: **Shall we proceed to Q&A then?**

Ajay Mian: Yes, exactly. So, I will stop the presentation here and open the floor for conversation.

Q-&-A Session

Moderator: Thank you, sir. Anybody who wishes to ask a question, please use the option of raising a hand. In case you are unable to do that, please drop a message on chat and we'll invite you to ask your questions. Ameya, you can go ahead please. Ameya Pimpalgaonkar?

Ajay Mian: And by the way, anybody asking a question, it will be great if you also switch on your video. That gives me a feeling of talking to you.

Ameya Pimpalgaonkar: **Thank you so much, Ajay, nice meeting you again. Congratulations for a really good set of numbers. Just wanted to get some information from you about the acquisition that we had planned. I know that you are not in a rush. I'm also aware that you want to do this right. So, you don't want investors to push you. But just wanted to understand your perspective on where you are since we last spoke about it. That's it, sir. Thank you**.

Ajay Mian: So, we push to continue from our side. We have been evaluating, I think during this period we evaluated five or six companies since we spoke last. There are at least two with whom, we have moved a second or you may say a third level of conversation. Where it will go, I cannot say. But this is a very important and key initiative for us. We will continue pushing this and I personally spend a significant amount of my time on this. By the way, at least one of them is a U.S. company, another one is an Indian company, but with business in U.S. and India.

Ameya Pimpalgaonkar: **So, is this still in the U.S. markets? Because last time you gave us that there are probably two ways you are looking to acquire either one company domestically for the data science or probably one company in the U.S.?**

Ajay Mian: So that's what I said. One of these two is a U.S. company. The other one is an Indian company.

Ameya Pimpalgaonkar: **Understood. And one last question about the solution that you had implemented for the Bank in Rwanda. And you had mentioned in our last conversation that Microsoft liked that product and probably there is a potential of that solution being taken by them and extended to some other Microsoft customers. So, are we seeing something of that sort happening already?**

Ajay Mian: So, the National Bank of Kenya is a result of that initiative.

Ameya Pimpalgaonkar: **Okay, great.**

Ajay Mian: And there are at least two or three, there are three other banks. Ritu, you want to … Ritu is more directly involved with this, so I'm inviting her to share some information on that.

Ameya Pimpalgaonkar: **Sure. Thank you, sir.**

Ritu Sood: Just to add to what Ajay just mentioned, so you might have noticed in one of the slides that he spoke about our new product, BAFINS. BAFINS is the result of the work we have done for a few banks earlier on the customer experience side. We are working very closely with Microsoft, not just in one region, but two regions, so the Africa and U.S. as well, to co-sell that solution in those geographies. National Bank of Kenya is a result of that effort, where we will be implementing BAFINS. And then we have three more in the pipeline, one in Americas and two more in Africa as we speak here. So that product seems to be building some traction. Over to you.

Ameya Pimpalgaonkar: **Thank you so much. Those were the only two questions. Thank you so much, sir. All the best**.

Ajay Mian: Thank you.

Moderator: We'll take the next question from Prachi Doshi, Prachi, you can unmute and ask your questions.

Prachi Doshi: **Yeah, hello. Yeah, thanks Ajay for the wonderful results. And yeah, the small question that I have is, what is our expected hiring rate and what are we targeting to hire in the next couple of quarters? And how are we doing the hiring? If you can give deep like what is in the freshers, what is on the senior levels in which location? Yeah, something on that line, thank you.**

Ajay Mian: So, thank you for asking that question. It might appear to be a very simple question, but it has, its answer has, a lot of impact on us. One thing which you might have noticed but not asked at least is that - our headcount in the last three quarters has not changed. If you open up our presentation for the Q4 of last year, Q1 of this year and now today's presentation which is Q2 of this year, you will see that our headcount figure is roughly the same. What does this mean?

Our revenues have grown but we have worked to enhance our efficiencies and we have attempted to get more revenue from roughly the same headcount which has resulted in a little bit higher profit and which shows that the overall efficiencies are growing. But while I say this, it's obvious that you can do this only up to a point. And beyond that point, you obviously need to add people. One thing that we have continued to do, and will continue doing, is hiring from campuses.

So, we take a batch every year, sometimes twice a year, from campuses. These are all bright people with energy and aspirations. We invest in training them and in six months' time, sometimes less, sometimes more, they start becoming part of our project teams. So, keeping a headcount or having a certain number of people in the company is not a business target for us. Our business target is to grow the business by a certain percentage, try and improve that percentage and then make sure that we have enough people to fulfil that business.

Because we are not, I have mentioned this in a couple of previous conversations - we are not, a typical IT services company that generates a significant part of its revenue by resource augmentation, by renting our people. Our revenue and our earnings come by providing solutions, not by renting our people. So, there is no direct correlation. If you may, there will obviously be a broad correlation but no direct correlation, to the number of people that we have and the revenue that we make.

We will attempt, I have mentioned that it will not grow linearly, so, we will try to increase our revenues faster than the number of headcounts that grows with us. Having said that, we will again have another batch of trainees being taken in from the campus. When will that be, Ritu next?

Ritu Sood: I think we will start in January.

Ajay Mian: Okay, so we will have a new batch starting sometime in January, or February. And then typically, sometimes we do twice a year, depending on how big a batch that we have taken. There will be obviously some lateral hiring that we'll keep doing from time-to-time and that's an ongoing process. But we are very conscious of the cost of resources and don't keep hiring a certain number of people as a business target.

Prachi Doshi: **Got it, got it. Yeah, thanks for the detailed answer. And yeah, the follow-up was the 350 count which is constant. Is it due to the attrition and hiring that was constant? If yes, then what is the attrition rate approximate?**

Ajay Mian: Yeah, I will respond to that. So, there are two figures that I have on attrition. If you look at the total attrition figure – okay, because sometimes you want to give people a respectable exit rather than firing them. But you have to keep looking at the efficiencies of people. One thing that COVID has done, rather one bad thing that COVID has done is that it has reduced the opportunities to connect with people. So, the emotional connection that we used to build earlier, has become harder.

So, the two figures that I want to give you are - if you look at our overall attrition last year, this attrition figure last year was 22%. However, if I look at only the people who were not trainees or people who had spent less than one year, okay, if I discount them, then the number of people who had spent one year or more in the organisation, the attrition number of that category was only 6%.

Prachi Doshi: **But yeah, that was helpful.**

Ajay Mian: The two numbers are so widely separate that this tells you what's going on.

Prachi Doshi: **Yeah, I agree. Yeah, got it. Okay, and yeah, that is all I have. Thank you. Thanks, Ajay, for the answer. Yeah, anything if you want to comment on your work from home strategy, if the time permits, that would be helpful**.

Ajay Mian: Well, there is no strategy. I mean, we have a work from home available for everyone. There is no compulsion for anyone to come to office, but every day if you come to office, there will always be sometimes 10, 15, 20, sometimes 30, 40 people working from office. But because we have now people from literally Kashmir to Kerala and from Rajasthan over to West Bengal, it's becoming a little impractical to tell people that you have to come to office. Okay, people are getting, people are doing their work. The only concern that we have is that we are not able to impart as intense and as personal trainings as we used to do earlier, but we are looking at ways to improve that.

Prachi Doshi: **Got it. Okay. Yeah. So, what I understood is we will continue our work from home for a longer period of time.**

Ajay Mian: Yeah, that's correct.

Prachi Doshi: **Okay, Thank you.**

Moderator: Thank you, Mr. Doshi. We'll take the next question from Vinay Alluri. Vinay, you can unmute and ask your question.

Vinay Alluri: **Thank you so much for the opportunity. I congratulate for the record-breaking quarter, and it's a very good quarter number to see. My question was around, last Microsoft results when we saw their Cloud business is growing along with Oracle Cloud because they have an arrangement with Oracle Cloud. So, their apps and then Microsoft apps are collaborating and they're giving the business. So, when it comes to our company, is there any strategy to work on Oracle Cloud applications and also to give any developed products over there? I was just focusing on the Microsoft alone right now?**

Ajay Mian: Okay. See … we have to put the horse before the cart. And to do that, we have to see what is it that we are trying to accomplish; right? We are not trying to accomplish (to say) how much of Oracle Cloud do we sell on top of Microsoft Cloud. We are trying to accomplish that how do we meet the business objectives of our customers.

It is not our objective to see … whether we sell more of one ERP or the other ERP. Our business objective is to see that did we serve our customers and help them achieve their objectives of business. In pursuance of that, it doesn't matter what relationships is Microsoft getting into. Of course, there is relationship between Microsoft and Oracle. There is also relationship between Microsoft and SAP, for example. One of the largest businesses that Microsoft has on Azure is running SAP on Azure. But these things do not distract us from what we are doing, because we are not just a license pushing company.

We are a solutions company. We use a set of products for building our solutions. We have chosen to build them on Microsoft and Microsoft is doing well. We have no reasons, … to … reassess our choices. But then there always will be some areas that I have mentioned in the past … for example, the area of digital commerce is one where some of our customers, for example, use products like a Magento or a Shopify or some other products.

So just because they are not Microsoft products, does not mean that we will not use those products. We service and we support and provide solutions on those products to some of our customers. But when it comes to Cloud, I think Azure has almost everything that we can ask for right now. We are not saying that we will remain wedded to it for the rest of our lives. But Hey, there's no reason for us to just change something for the heck of it.

Vinay Alluri: **Got it. Yeah, that's it. Thank you for the info. That's all I have.**

Moderator: **Thanks, Vinay. I have a question on chat from Abhishek Sharda. His first question is, any revenue growth guidance for the next two to three years, both organic and inorganic?**

Ajay Mian: Well, the first thing which I would like to say is that at the moment, we definitely, ….. are fairly determined to keep pushing for the remaining two quarters of this year, the way we have done right now. If we keep doing it, I think the years to come by will only be better. I'm not a gambler, so I don't want to just throw a dice and say something, but we will continue to push harder than we have done in the past, which would definitely push the organisation farther and hopefully with more velocity.

Inorganic, again, we are working on it, unless we actually sign up something, it's difficult for us to say anything, but the moment anything fructifies on that front, our shareholders, investors would be the first community who would get to know about it. It's an important initiative for us and we continue to work on it.

Moderator: **His next question is, our margins have significantly improved in this quarter. Can we expect similar margins for coming quarters or do you expect it to improve from these levels as well?**

Ajay Mian: Okay, so several points there. Will they improve or can they improve from these levels? Yeah, of course they can improve from this level … as our international business component rises, these numbers will get better. That's point number one. The point number two is - what has led to improvement in this quarter. There are several factors, one factor as I mentioned is we have been able to achieve some efficiency gains. As I already said that you cannot expect these efficiency gains to continue perpetually, because we will need to bring in some new people and some of those people could be expensive.

So, in our type of organisation it always happens you have a set of resources and you try to maximise the outcome from that, but at a certain point, you will have to then prepare yourself for the next stage of growth for which you will need to make more investment, bring in more people who will help you to grow to the next stage. So, it is possible that for some period you might certainly see that the people cost has gone up, but then that is what will result into a gain subsequently. So, you have to keep moving a little bit like that.

We definitely target to have better margins. But will those better margins come next quarter? I don't know. We will keep pushing for it. But overall, if you ask me that in three years' time, definitely. Our margins will be much better than what we see them today.

Moderator: **His other question is, you mentioned geography mix for services. How much is services of total revenue?**

Ajay Mian: How much are services of the total revenue? Yeah, sure. So overall, if you look at our H1, our services are about 58% and our product is 42%.

Moderator: **Okay. His last question is Q2 is our seasonally weakest quarter and Q1 is the best quarter. Q2 has shown very good performance over Q1. What factors have driven this fully?**

Ajay Mian: Sure. So if you look at, if we go to the details, actually the product revenue in Q2 is slightly lower than the product revenue in Q1. To share with you the numbers, our product revenue in Q2 declined quarter-on-quarter by 4.7%. Even though year-on-year, it grew by 68.6%. But we did better on the services side. Our services quarter-on-quarter improved by 16.6%. And year-on-year, they improved by 40.8%. So better traction with customers.

And see, the other thing which I want to say is while everything looks rosy, and it is for sure, and we will keep making it better, but we also have to see that in our business many projects are milestone-based projects. So, some of the things can sometimes also appear biased a little bit if you had a milestone project, which finished at a certain period of time. But none of the milestone projects would also have more than maybe 20% attached to the last milestone. So, it may have some impact, but not a whole lot … It's a contribution of (couple of things) - a little bit here, a little bit there, which together then gives you a total outcome. More customers, better engagements, the whole momentum of digital transformation, better productivity from people, all of these things have combined.

We now have a higher (larger) services basket. Over the last at least a year, a year and a half or so, we have now more opportunities on the data engineering side. We have some more opportunities in a few other geographies. So, all of these have enabled us to make this Q2 better than Q1. And you are right, that's not something which we saw in the last many years. It's a good sign.

Moderator: **Right. We'll take the next question from the line of Varun Agarwal. Varun, you can unmute and ask your questions.**

Varun Agarwal: **Thank you for the opportunity, Vinay. Congratulations, Ajay and team, for the wonderful set of numbers. Now that you have appointed the Canadian Head of Operations, can you tell me a little more about our plans to grow the business there?**

Ajay Mian: Canada is a very important geography for us. I can think of at least two customers that we have in Canada, who are a billion-dollar company. So, our business momentum continues there and that's the reason that we decided to strengthen that business. You saw him in the picture that we had from the exhibition. He's a local Canadian, has been in the segment for many years. So, we will continue to push with our set of offerings, which are across the business application side, ERP and CRM, the data side, the Azure side. It's an important market and we continue to put significant emphasis on that along with the U.S. market.

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

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

Moderator: **Thanks Varun. I have a question on chat from Maruti Nandan Sada. What's our long-term vision in terms of growth for the next five years? Can we take our company to ₹1,000 crore top-line and how would we be able to do that?**

Ajay Mian: Well, all suggestions from you or anybody else are welcome in that pursuit. But more seriously, definitely. But there are broadly two areas from which the growth comes. One is organic with what you are currently doing and the new things that you add, and then the other is inorganic.

If you cut it across a different dimension, then it will be different geographies. So, when you do more offerings in a certain geography, you get more wallet-share from your customers. When you expand geographically, you get a new segment of customers. When you do inorganic growth, you have a new arm added to your overall operations. So, these are the things which we will keep working on. And while we do this, we have to make sure that we also maintain a healthy balance of everything else, be it profitability, be it customer success or customer satisfaction, it would make nobody happy if our revenue was to increase to ₹1000 crores, but if we are not making enough money on the bottom line or if our customers are not happy.

So, we have to do all of these things, but absolutely. When you create institutions like this, the institutions have a life which is far beyond individuals. And when you move like that, the organisation will for sure reach a stage where it will cross ₹1,000 crores or even more, why not?

Moderator: **Hello, there's a follow-up question in the chat from Abhishek Sharda. Can you give operating margins for services and products separately?**

Ajay Mian: I can, … we put all these numbers together, just in the last couple of days. I may not have a number ready to the accuracy of a decimal or the last digit, but broadly speaking, as we have mentioned in the past also, our domestic services give us a margin of approximately 23% to 25%. Our international services give us a margin of approximately 50% and our product gives us a margin of somewhere between 18% to 20%.

Moderator: **And your second question is going forward, services revenue contribution will increase gradually, is the understanding correct?**

Ajay Mian: The services contribution will increase with the increase of our international business because our margins in that business are significantly higher than the margins from our domestic services. But while we say this, I must also, because somebody may say then why are we doing the domestic business? So, it's important for us to also understand that the product business in India today is significantly larger than the product business that we have in the international market. The two businesses are, not exactly but roughly, the same, not much difference.

So, we have to keep pushing on both fronts. We have to keep pushing pedal on both fronts. India is the fastest-growing economy in the world. The next couple of years are going to be game-changers there. We have seen India's business growing pretty rapidly in the last two years, not only for us but for the overall, so we build our solutions there. We gain experience here. Our products get into the market faster here. That is what makes it a critical part of our operations. And then we have this push on the international side where we have a higher margin, which keeps the overall operation healthy.

Moderator: We'll take the next question from the line of Puran Singh Sachdeva. You can go ahead and ask your question. Puran, you can unmute and ask your questions.

Puran Singh Sachdeva: **Firstly, congratulations, Ajay for the wonderful results. So, my question is - I actually got disconnected so not sure if I'm repeating the question. So, the question is around if in case like if we have a slowdown coming in future, in next couple of months, which we are anticipating or increase in inflation, then what are our plans to tackle with it?**

Ajay Mian: Yeah, sure. You see, if there's something like an earthquake, everybody will get impacted, okay? Similarly, if there is a slowdown, everybody will get impacted. So, what we are trying to do is - we are trying to mitigate the impact of that - to say that the impact on us will be probably less than what it will be for many other organisations. And to do that, the few things that help us - our basket of offerings (has solutions/ services) very complementary to each other. Even when there's a slowdown, businesses still need to do what they need to do. And these businesses then start looking at lower cost sources for getting their work done. So that is one part of it. If there is a slowdown happening in some parts of the world, chances are that they will look for other places like India for (those services). That could be an opportunity for us. The other thing is that slowdown is unlikely to happen in the entire world at the same time. If you look at our whole customer base, covering the U.S. and Canada, both regions, and then doing reasonable growth in Africa, India and APAC, so we have had customers in 30-plus countries.

So, working across these geographies, working across these customers, sometimes a certain industry faces a slowdown. For example, during COVID, the whole travel industry faced a slowdown. But then we work across a set of industries. We have solutions for eight to 10 industries. So that is again what helps us in tiding over. When the travel industry comes down, maybe the education is going up. If one geography goes down, maybe the other geography is going up. So, all of these things together enable us to provide a cushion for any untoward situation on the financial front worldwide.

Puran Singh Sachdeva: **All right. Thank you.**

Ajay Mian: Thank you.

Moderator: Thanks, Puran. We'll take the next question in the chat from Shiv Shankar Khanna. Sir, congratulations and thanks for providing an opportunity to see you face to face. Does our company have plans to create our own software solutions?

Ajay Mian: I will let Rajiv do that, Okay? I'll take a short break and let Rajiv handle that.

Rajiv Tyagi: Yes, we already are creating solutions which are our own IP. One is in the area of education and another as Ritu mentioned in banking. We also have in the renewable energy space. So, these are the areas where we have already built our solutions and we have customers. These solutions are accepted. They are also published on Microsoft AppSource. So, they are in the marketplace. With these solutions, now we are actually getting to the maturity stage where we have the customers in India and now we are looking for the market outside India also.

So, there's a huge potential. And as Ajay mentioned in this slide, we are now going to create and bring Intelligence into each of our solutions. So, while Microsoft will release the generic AI technology, we'll be creating and releasing the industry-specific co-pilots. So just to give you an example, let's say you are in education, there will be a specific co-pilot for students and another co-pilot for the faculty which will be our product on the Microsoft technology base. So, we are also going to increase our IP revenue because of the advent and infusion of the AI into our existing solutions.

Moderator: **We will take the next question on the chat from Prasenjit Paul. Do you have any timelines in mind for the acquisition? What kind of inorganic additional revenue we are looking at from the acquisition**?

Ajay Mian: If you ask me for timelines, I would want it yesterday. But at the same time, as we have been mentioning we don't want to be rash and take decisions which we are not really sure about. That does not mean that we are afraid of taking risks. We are not. But we are also responsible for some basic due diligence. This takes time. I would say that my expectation is by this time next year, we would definitely have succeeded largely. But it could happen earlier. I'm just saying a timeframe which … I would say, doesn't appear too soon for you to make any forecasts on that basis. But it's an important initiative for us. We are working on it. We will let our investors and our shareholders know about it as anything, any development happens on that.

Moderator: **There is a question in the chat from Mr. VN. His name is abbreviated. His full name is Vivek. Kindly share the split in revenue percentage for India and global. Also between product and services revenue in a quadrant matrix. Also, what is the growth trajectory percentage across these four buckets?**

Ajay Mian: Okay, all right. So overall, if you say India versus international, in quarter two, India was 53% overall. International was 47% overall. On the product side in quarter two, India was 76%. International was 24%. On the services side, India was 36% and international was 64%. Did I miss some part of the question?

Moderator: **No, I think you've answered the question. Okay. Anybody else who wishes to ask a question may use the option of raise hand. He would like to know, the same person would like to know what is the growth trajectory across these four buckets?**

Ajay Mian: I would say for the sake of simplicity, consider that we definitely are pushing to have at least the same growth as we have done in the past. We continue to try various means of increasing the growth, but I would say that the minimum that we expect us to do is what we have done in the past. I said the same last quarter, right? And then we ended up having this quarter at least a little bit better than last quarter. I would again say the same thing because we will always continue to push as much as is feasible and as much as we can. But this is what we expect us to do at least.

Moderator: Right, so since there are no further questions, would you like to give any closing comments before we end this call?

Ajay Mian: Yeah, absolutely. I thank all of you for the confidence that you have exhibited in the organisation. Your confidence gives us the confidence to keep pushing the pedal further. It's been a great three-months period where we have seen market perception about us change a little bit and we will work for just making sure that the confidence that you've reposed in us, we do everything to keep strengthening that.

Vinay Pandit: Thank you so much and thank you to the management team for joining us on this call. And thank you to all the participants for joining us on the call. This brings us to the end of this conference call. You may all log out now. Thank you.

Ajay Mian: Thank you very much.

Rajiv Tyagi: Thank you.