All E Technologies Limited

Q2 & H1 FY'27

POST EARNINGS CONFERENCE CALL

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Management Team

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Mr. Rajiv Tyagi – Executive Director

Ms. Ritu Sood – Executive Director

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KAPTIFY®

Strategy & Investor Relations Consulting

Presentation

Moderator: Ladies and gentlemen, on behalf of Kaptify Consulting Investor Relations team, I welcome you all to the Q2 & H1 FY'27 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 of Cloud and Managed Services.

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

I would now request the management to brief us through the investor presentation, the business and performance highlights for the period ended September 2026, the growth plan and vision for the coming years, post which we will open the flow for Q&A. Over to the management team.

Dr. Ajay Mian: Thank you, Vinay. And thank you everyone who has joined us on this call today. We look forward to spending the next several minutes taking you through what has been happening.

So, we start with what's happening in H1. H1 has been a time when we have seen some growth, better reach and enhanced operating discipline. Momentum has been building up, and we are looking forward to the next few quarters, translating this momentum into stronger earnings. What that means is that in H1, we have had growth of 14.6% on an H1 basis, even though Q2 revenue grew 20.2% Y-on-Y, which is more than what we are seeing on an H1 versus H1 basis. Of this revenue, 58% came from international customers.

And we had introduced in our last call a flagship product that we are building, which is the intelligence layer on top of the business applications. This has been named now. It's called ARC 365. This quarter, we showcased it to some customers. Two of them have signed up, and four others are in conversation, but more about it as we go forward. The priority for us now is accelerating the higher value services growth and rebuilding the operating margin. We can discuss more on that in the next few minutes.

If we look at the numbers, the domestic business, the product revenue has grown 13.5% Q-on-Q and Y-on-Y growth has been 20.8%. On the

services side, it grew 1.2% Q-on-Q and 0.3% Y-on-Y. The growth in the international business was robust. We grew 15.8% Q-on-Q in product revenue, primarily due to one large customer acquisition, which resulted in a Y-on-Y growth of 95.3%. However, I would like to clarify that such significant growth is generally seen when we have large customer acquisitions.

Then on the services side, in the international business, we have had 2.7% Q-on-Q, but Y-on-Y has been 6.5%. As you can see, the revenue mix has changed. Now we see 51% coming from services and 49% from products -- in fact, it's 51.3% from services and 48.7% from products.

On H1 basis, the domestic business, the product has gone up 11.1% Y-on-Y. In the international business, the product has gone up by 67.1%, Y-on-Y. Services have gone up 4.2% Y-on-Y in domestic and 5.1% Y-on-Y in international business. On an H1 basis, the revenue mix has been 47% product and 53% services. If you look at the overall numbers of Q2, operating revenue stood at INR 40.1 crores. This is the first time that we have crossed the INR 40 crore mark. Overall, it grew 7.8% Q-on-Q and 20.2% Y-on-Y, while total income was INR 42.56 crores. EBITDA stood at INR 8.01 crores. The EBITDA margin stood at 18.8%. Net profit stood at INR 5.54 crores, which resulted in a net profit margin of just a shade over 13%.

The total product revenue for the quarter has been INR 19.5 crores, which is up both Q-on-Q and Y-on-Y. The services revenue has been INR 20.59 crores, which is also up Q-on-Q and Y-on-Y. Repeat and recurring revenue has been about 92%. We added 2 domestic and 3 international customers in this quarter. For H1, operating revenue stood at INR 77.28 crores. Total income from operations stood at INR 82.07 crores. EBITDA stood at INR 14.98 crores, margin of 18.3%. Net profit stood at INR 10.6 crores, which resulted in a net profit margin of 12.9%. The product revenue for H1has been INR 36.56 crores, which is a growth of 27.9% Y-on-Y. The total services revenue is INR 40.72 crores, which is a growth of 4.9% Y-on-Y. Repeat and recurring revenue is 91.3%. We added5 domestic and 8 international customers.

This is the breakup and the total revenue that we have, from products and services, of which 58% came from international customers. US and Canada have increased by 26.7%. India has increased by 8.8%. Africa has grown 12.6%. Some of you who attended the last call might remember that Africa had not done that well in the last quarter, but it's getting significantly better than before. APAC has remained flat. Europe has grown slightly. The Middle East has gone down. We spoke

in the last quarter about the stress in the Middle East region because of war. And I have to say that this continues, unfortunately. We have had projects which were at the stage of go-lives, and they have been stalled. And the environment hasn't improved substantially so far.

This is our geographic spread. We have presented the geographic spread on both Q2 and H1 basis. On an H1 basis, 57.3% is Americas, 25.1% is India. Africa is 7.8%. APAC is4.4%. Europe is nearly the same, 4.1%. And 1.3% is the Middle East.

These are the industries that we have serviced. The shape of the pyramid remains roughly the same: professional services at the top, followed by manufacturing and EPC. Retail has become very important. And we are getting good traction in the Middle East. We continue to find traction on the education side. The one change that we saw in this quarter was that the revenue from the top five actually became close to 30%. The top 10 became close to 40%. I think it should kind of cap at that percentage. But it is a reflection of deeper customer engagements. We are doing more for the same customers.

There is a significant amount of investment that we have been incurring in building some products. And there is one product that we had given a view of in the last call. This product, as I mentioned earlier, is called ARC 365. And during this period, which has been just a quarter, and we are still in the process of development, we have two paying customers signed up. We have several conversations underway. I would say that this is still at the stage of the early commercial validation happening. We don't want to yet claim that this is going to be material revenue, but we are very hopeful because the customers who have seen it really like it.

So, this is now, as it has been named ARC 365, a decision intelligence layer built for specific industries. And what you get in this is shown by the sequence. You have enterprise systems such as ERP and CRM and maybe other solutions. And you basically know from these systems what's happening from the data. You then use machine learning and AI to understand what the data is showing. You have agents which help you decide what you should do and act. And then you have a learning loop through which you can then… over a period of time…., as your data and your decisions grow in volume and become statistically significant, improve this process of decision making. So, you have enterprise systems which give you governed data, and then you have ARC 365 which sits on top of them and then gives you the decisions and actions layer.

The H2 focus, of course, is converting the platform engagement into services, recovering more delivery operating leverage, scaling productively in international markets, and productizing ARC 365 for customer success.

These slides, anybody who has been in these presentations before would have seen these slides. The one change, though, is that we have inducted a new Independent Director, Mr. Rahul Gupta... Alletec is preparing for migration to the Main Board, following the Board's recent approval. So, Rahul was appointed to the board. We have one more independent director to appoint before we qualify structurally to apply to the stock exchange for the main board migration. Rahul, incidentally, comes from a very deep background, both working in the technology sector, and also in the venture capital sector -- venture capital firms, and he is a fairly well-known VC working both with start-ups as well as with growth organizations.

The management team that you have known of and the statements that you might have already seen. Thank you very much.

Moderator: Thank you, sir, for the presentation. All those who wish to ask a question may use the option of raise hand. In case you are unable to raise just drop your question in Q&A box, and we'll ask on your behalf. So, we'll take the first question from SD. SD, you can ask.

SD: Yeah, thank you. Sir in the last presentation, you showed a product you are developing with detailed growth goals. So, what is the status of the customer engagement?

Dr. Ajay Mian: As I mentioned in the last few minutes, the product has been built for one industry to a large degree. And the two customers that we are talking of are from this one industry, which is the retail industry, incidentally. So, we are in the middle of implementing the product there, tapering it a little bit for them. And we have to understand that some of these early customers are also the ones who are helping us to mature the product. So, they kind of become our engineering partners. So, you should think of it as a product which is mature enough to make a customer excited about it and give us a go ahead to implement it for them. But it still has a long way to go before it becomes ready for multiple industries and before we can say that for all industries, we have at least a couple of them in a production stage.

SD: Okay, thank you. I have another question. So, in this quarter, we have seen that the customer additions are only, I think, five new customers. Our average is around eight, seven or eight. Is there any reason for this? It is not quite normal, right? It can happen sometimes.

Dr. Ajay Mian: Well, I wouldn't say that. One thing I would say is that we are consciously trying to spend more time with the more sizable customers. As a result of which, I would say our average deal size for us in this quarter has been higher than what it has been in the past. Be it on the ERP CRM side or on the Azure and product side, the deal sizes have been larger. So, we are by design trying to reduce the time that we spend on very small accounts.

SD: Okay, sure, sir. And the next one, about the mainboard migration, when can we expect the Company to be listed on the NSE Main Board??

Dr. Ajay Mian: It is a little difficult for me to give you a firm timeline, but that's what we are working towards. I would not be surprised if this happens somewhere maybe after the financial year end or maybe just before that, somewhere around that timeframe. But by the time of our next earnings call, we should have a more firm date on it.

SD: Okay, thank you and good luck for the next quarter.

Moderator: Thank you. Sir, we'll take the next question from Rishabh Joshi. Rishabh, you can go ahead.

Rishabh Joshi: Yeah. Hi, Ajay sir. The growth is accelerating again after a brief pause. Sir, what I was trying to understand is, I could see that there's been a significant meaningful growth, like you rightly said, in the product segment or licenses. I was trying to understand if you can walk me through the journey for how the service revenue will actually start building up along with this. So, my understanding is a little unclear whether it is the licenses and products that you provide are then followed by implementation as a service revenue, or is it that we get a foot in the door with the products and then we try to work on increasing the surface area and the basket with, follow on service work?

Dr. Ajay Mian: Sure. That's an important question. And I will try to explain this in detail. Alletec now provides everything that a customer requires in the space that we operate in, right from their enterprise applications, their infrastructure, security, modern workplace, data engineering toAI. So, we have the ability to take our customers through the entire transformation, as their single partner. Now, a customer's journey, in

some cases, would start from the need to implement modern enterprise applications. They may start with an ERP or seek to transform their customer engagements through solutions for sales, customer service, field service or marketing.

Or he may already be having some of those solutions in place and want to leverage them to benefit from the AI capabilities that are available today. So, the entry point could be any of those, and our six competency areas enable us to address all these requirements. In most cases, however, the starting point is an ERP. In some cases, it is both ERP and CRM, increasingly so, in fact, but we have customers who start from infrastructure services and security. And as things go by, they start relooking at whether they need to modernize their ERP and whether they need a different CRM application, and what we do with the data that they have?

So, not every customer follows the same path. we may have different paths traversed by different customers, but they have the comfort that they can stay with Alletec as one partner who can give them all.

Rishabh Joshi: Sir makes sense. But what I'm trying to understand basically is how the margin sort of curve shifts from here in terms of when the service revenue -- service revenue, my guess is, is higher margin as compared to the license part. So do you all have a trajectory that you are internally working on towards how, when can we go back to our earlier margins, that's point one.

And point two is if you can quantify for the development of these new capabilities and AI tools, what kind of CapEx or what kind of expensing are we doing on a quarterly run rate on annualized basis?

Dr. Ajay Mian: No, you're absolutely right, Rishabh. The margin on services and particularly international services is significantly better than the margin on the product side. Having said that, you also have to see that you can drive a larger product business with a significantly smaller number of people. So, to get a certain number, certain top line from products, you need just a handful of people. On the services side, you need a larger team. Butin our business, both have to go together. The other very important thing is that with AI increasingly being integrated into product lines by frontier firms, the services business is going to undergo some change.

Things that we were doing earlier manually now start getting automated. Things which we do today, some of them might become part

of the product. So, the winning formula is to stay at the cutting edge and make sure that you are leveraging everything that technology and products make possible while continuing to add value. So, this is not the time where you say that we just want to put hundreds of people onto the service business and get a margin out of that. We have to look at a solution. With time, the licensing business might actually grow, but we need to understand how it can grow.

We saw in the international market, and this was an exceptional quarter, we had a 95% growth. While this may not happen every quarter or every year, this can happen without having to add any headcount. So, we have to recognize what's happening in the market, what is changing and get ready for it.

The other thing which will happen that over 12 to 18 months, the rate that you would be able to charge for providing your services, which are now AI-enabled services, would be higher than what we have been traditionally getting by just providing product level services. So, it's not easy for me to say how exactly this complexion will work out in the coming times. But this is evolving rapidly. And we will see this reshaping in the next 12 months.

Rishabh Joshi: So, sir, then for the foreseeable future, should we assume that the new rate is sort of our operating EBITDAs are more on that 13% to 15% as opposed to what it was earlier, which was 20% plus?

Dr. Ajay Mian: I think you should think that, but I would want to say another thing. You see, in a situation where we want to come back to you and report to you every quarter, we also have to be cognizant that these are also the times when we need to invest. And we don't want to stop investing or hesitate from investing, simply for the sake of showing you good numbers. We are currently considering investing in one more region. We are also considering significant investment in ARC 365. Now, for some of these, the options are whether to capitalize the expenditure or expense it. And we are, at this point in time, favouring expensing out everything that should be expensed out. It is possible that we'll take those decisions more aggressively in the coming time. And because of those reasons, if margins dwindle, that will be investing in growth.

But from an operational point of view, by the way, even the margins that you see today, a significant part of that cost has gone in the last one, two quarters, because we have added headcounts in our international geographies. Excluding these costs, the margins would look healthier.

But if we didn't make those investments, then today we wouldn't be feeling as confident as we are otherwise.

Rishabh Joshi: No, makes sense. So, my final question is a segue to this is that, so what I'm understanding is you're expensing out most of your investments effectively in the future. It seems that despite all of that, we are still able to maintain a profit margin. So, what I was trying to understand is the low hanging fruit, which is that our cash pile is continuing to accumulate. And now it has reached a point where adjusted for cash, the current market cap is like in double digits, INR 65 crores, INR 70 crores is where the stock price has sort of reached. So, don't you think that maybe we need to find some solution to this increasingly large cash pile that is coming, whether if we have a very clear use case for it, or if not, we can give it back in the form of a buyback or dividend or some sort of a way to just bring the EPS up in this phase while your operating cash is sufficing for your investment?

Dr. Ajay Mian: Absolutely, absolutely. And those discussions have been on the table. At the same time, currently, there are two businesses that we are in early stage of having conversations with for a potential acquisition. Now, those things may happen may or may not happen. And for that reason, they are not even included in my presentation, because it doesn't make any sense.

Rishabh Joshi: We've been hearing about this potential pipeline for a long time now.

Dr. Ajay Mian: Exactly.

Rishabh Joshi: And that is why I wanted to ask: are we going to continue keeping the cash on the books?

Dr. Ajay Mian: Yeah, exactly. So, as long as we remain hopeful and continue working towards these acquisitions, some part of the cash may still be utilized in the manner you are suggesting. And obviously, this will be a conversation with the board members. Now that we have additional independent directors, and we will have one more, as I said, in the quarter or so, or sooner, this matter will be placed before the Board for deliberation and decision. But we would still want to maintain the leverage of cash in case we succeed in finding somebody that we think is good to acquire.

Rishabh Joshi: So, sir, can we get some kind of deadline by which you can commit to buy maybe one year from now, 18 months from now, definitely, we will have at least a use usage of that cash, whether it be for investments,

whether it be for acquisitions, whether it been by that time, if you're not able to use it, that there will be another clear road map to what we…

Dr. Ajay Mian: Rishabh, the only thing I can say is that this is a conversation that we have had and we will have again with the board members. Now, without any direction from the board, it will be completely impractical for anyone to expect me to give a deadline for something like this.

Rishabh Joshi: Okay, sir, thanks a lot. And I wish you all the best.

Dr. Ajay Mian: Thank you.

Moderator: Thank you. Sir we take the next question from Rishabh Tripathi. Rishabh, you can go ahead.

Rishabh Tripathi: Thank you, sir, for taking my question. One of the things that certainly stood out in the slides was the removal of the INR 500 crore vision. And I really appreciate that because the time is really uncertain. And this would be request from my side is whatever needs to happen to the stock price has happened. The only feedback is going ahead, keep us grounded, keep analysts, keep our expectations set. I know the environment is fuzzy right now. But keep us as close as possible to ground reality and we will surpass this period as well. My question is in line with something that I think is very common in calls, specifically those of IT/product companies. there was a period over the last one year when there was, a lot of non-acceptance of the fact that things were changing. But now we see that managements are accepting that things are changing.

And we are living in a time when we need to create optionality rather than depend on one type of product or service and ARC 365 is like our in-house product. So, are we working on multiple things? Or is this only one thing? And are we looking towards becoming an implementation partner for more solutions apart from Microsoft 365, maybe a cloud implementation partner? How are we planning to increase the optionality in the business given that the scenario has entirely changed now?

Dr. Ajay Mian: Rishabh, I'm a little unsure how much you have had an opportunity to know what Alletec does. As I mentioned earlier in my presentation, we are Microsoft's partner for all six competencies. And these competencies -- of which Business Applications is only one. You have the other competencies which are modern workplace, cloud infrastructure, Azure infrastructure, security, and data engineering. So,

these are all competencies that we are solution partners for, recognized by Microsoft and our customers. And we currently work on all these areas with our customers. So, it's not just one thing. ARC 365 is an IP investment, which we are building on top of what Microsoft provides. But this is not the first time that we are investing in building an IP.

We, for example, have industry solutions, be it for education, such as EdTech 365 for EPC companies, EPC 365 and for travel companies. We have five, six different industry solutions. And we also have some horizontal solutions. These solutions enable us to get a head start on our projects and pre-sales. But Alletec is not doing just one thing. It basically is doing everything that a customer or business needs to transform itself and be ready in the AI age.

Rishabh Tripathi: Thanks, sir. Sir, my second question would be in line with this -- we see an increase in product revenue, but service revenue. So, I just wanted to understand, for our business, whether service revenue will follow the products being sold, as we will then be implementing through our services. So, should we expect that every time there is a rise in product revenue, this will be followed by a subsequent increase in service revenue?

Dr. Ajay Mian: No, that's not quite the right understanding. There are areas of our solutions and services w here the product goes first, and the services side may follow much later, which is, for example, the area of Azure infrastructure and Security. We will have one, an implementation project, but the adoption of licenses, depending on the size of the organization, can keep growing and the services may not necessarily grow in the same proportion. On the other hand, however, when you come to the business applications area, the product and the services side, they go together, they go hand in hand.

You basically do an ERP project based on the Dynamics 365 ERP solutions, or you do the CRM or a combination of the two based on the product that goes with it. So, different offerings have different natures, and everything doesn't follow the same path.

Rishabh Tripathi: Okay, I will join back the queue for the follow-up. Thank you, sir.

Dr. Ajay Mian: Okay, thank you.

Moderator: Thank you, sir. We'll take the next question from Saikiran Mungala. Saikiran, you can go ahead.

Saikiran Mungala: Thank you for taking my question. So, I have a question on the client side. So, as we have stated in the last calls too, we are targeting more of the $50 million to $1,000 million of clients. So, I just wanted to understand the client acquisition part over there, as we have been hearing that small clients are easy to acquire and also, they go away easily. So, I wanted to understand about the mid-level clients.

Dr. Ajay Mian: So, if you could help me with what specifically you want to understand.

Saikiran Mungala: Sir I want to understand whether these clients are sticky or not. Once you -- Is it very tough to onboard them and is it very easy for them to leave?

Dr. Ajay Mian: For sure, the larger a customer, the longer and more intensive the due diligence process is. Larger businesses are more structured and have teams dedicated to many of these functions. They have a broader and more formal internal approval structure. So, they take longer, but then they also make bigger investments. They have budgets for undertaking multiple initiatives. As long as their appetite remains and we keep doing a decent job, our opportunities stay alive.

Saikiran Mungala: Okay. And are we seeing any change in the decision cycle as earlier we have been saying that it has been elongated? So, has it reduced now?

Dr. Ajay Mian: See, these things have become very fragmented geographically. As I've mentioned in the last call, the Middle East is significantly paralyzed. Maybe that is; a very strong word, but it is extremely hesitant even now. So even some of the very important projects we had undertaken a couple of quarters ago have stalled because of the ongoing conflict….. The Houthi attacks on Saudi Arabia have been a big problem, which has impacted the work in that region. But I would say Africa has always been slow, but it's getting a little bit better, although the decision-making process is still nowhere near what you would see in the US. I would say the US is warming up, and it is better than before. But it's probably sometime before we can say that there's a significant difference. Overall, I would say, barring the Middle East, the rest of the regions have shown improvement.

Saikiran Mungala: Got it, got it. And on the cybersecurity front, are we seeing any traction on that front? In the last call, I think we mentioned that we only looking at the services part. So, are we looking at any embedded product on that side?

Dr. Ajay Mian: No, no, maybe you missed it. But the security side is led by products and supported by services. Let me invite Sandeep Salman to share his comments on this, as he leads the cybersecurity business.

Sandeep Salman: So, our MWP, which is the modern workplace and security business, has substantially grown this year, as we had spoken last time, that we are building some traction. And we have acquired some large customers. So, quarter-on-quarter growth has been 42.9% on the security front, which means that we have acquired a couple of large customers. And we have engaged ourselves in two verticals. one is on the information security front, and we have started our VAPT practice. That is where we have done pretty well. And for VAPT, we have been talking to five customers now, both in India as well as internationally. So that will predominantly give us substantial growth next quarter as well.

As far as the MWP is concerned, the modern workplace, as Dr. said, we have acquired a lot of customers, which has given us growth in terms of both Office 365 and Copilot, and again, customers also have an email security perspective. We've also enhanced our, footprints on our network-led security front, which is Firewalls and VAPTs. We have implemented solutions on-prem and on cloud for three customers for both application security and network security. So, that is how the traction is increasing on the security front.

Saikiran Mungala: Got it, got it. And on the – just one last question, so if you look at the numbers, Africa revenue has been increasing, sir I just wanted to understand, so is it a client who is in the mid-level or is it a small client?

Dr. Ajay Mian: No, no, it's not a small client and it's not one client. One of them is in the retail business, the other is a manufacturing business, and they are all mid-sized customers.

Saikiran Mungala: Got it, got it. Thank you.

Dr. Ajay Mian: Thank you.

Moderator: And we'll take the next question from Rishabh Tripathi. Rishabh, you can go ahead.

Rishabh Tripathi: Yeah, it's a follow-up question. So, one is a bookkeeping question. So, sir, what is our constant currency growth year-on-year? That's the first question. And the second question is on the cyber security front, sir, I

just wanted to understand more about what we are trying to do. Is it also linked with the Microsoft services, or it's an independent vertical which will grow independently of our services and products that we are selling for and providing for Microsoft? These are the couple of questions. Thank you.

Dr. Ajay Mian: You see, for Microsoft, we are a security solutions partner. So, when we are pitching to a customer, we are looking at which solutions and products of Microsoft can be suitable for this customer. Now, there can be a situation where the customer has a need for something where a solution other than Microsoft is better suited, in which case, we go and work with other OEMs to bring that solution in. But when we first go in, our first approach is to look at what the customer requires and which products of Microsoft are suitable for this requirement. When something not a good fit, then we go for third party solutions.

Rishabh Tripathi: So, this is with respect to cyber security.

Dr. Ajay Mian: Yes.

Rishabh Tripathi: Okay, so sir, but isn't cyber security a very big opportunity? It can be treated as something where we can create products specifically which can be sold not only for these applications, but for wider implementation. That's just a thought. But okay, the other question related to constant currency growth, if we can get that number, that would be really helpful.

Dr. Ajay Mian: I will ask Sandeep to come in and provide that. I think the quarter-on-quarter constant currency growth was…. I don't have that top of my mind, Y-on-Y--?

Sandeep Jain: I can provide the requisite data.

Dr. Ajay Mian: Yeah.

Sandeep Jain: For Q-o-Q, the constant currency growth is almost similar to what we have on the basis of actual growth. And Y-o-Y it is 14% as against 20%.

Rishabh Tripathi: Okay, got it. Thank you sir.

Dr. Ajay Mian: Thank you.

Moderator: We have received some questions in the Q&A box. This question was asked by Pratik Shetty. Management had indicated in the past that they

would try to get large orders around $1 million of -- if I recollect. Is there any momentum on that?

Dr. Ajay Mian: Yeah. So, if you look at the order book that we would have signed up in the last quarter, it would be maybe a little bit less, but not very far from a $1 million of order book that we would have signed up in the last quarter. About $0.5 million was from just one customer, another $ 200K from another customer, a customer in the US, and another about $180K. So, the order book would definitely have been about. I think our overall order book, including India, would possibly be over a $1 million in the quarter.

Moderator: Okay, and there is one more question. This question was asked by Pruthvi Raju. The question is that currently, the AI models are able to replace some layers of software development and maintenance. Our business model is basically based on the application layer of the software tools, which is currently less impacted. What if the AI models get into application layer of the software to how do we tackle that?

Dr. Ajay Mian: So, first of all, the good news or the bad news is that the AI models are in the application layer as well. The AI does understand businesses in the same way as they are understanding. I mean, coding became one of the first very effective applications of AI models. But the very fact that AI now really understands you and understands your business opens up new opportunities. It opens up opportunities for us to do more than the routine, ordinary stuff that one had to do over the years. Anyone who stays stagnant and wants to continue doing what he has been doing for years will face problems.

So, the winners are those who will keep adapting and looking for newer opportunities. AI basically helps you know what is going on. It helps you explain things, but you still have to bring it in a manner that an enterprise can adapt it. If you see all of us today, we use AI for personal productivity. But if you look at it at an organizational level, the organization still does not gain much just because people are using AI. And I think that is a very fundamental challenge that we are trying to solve through ARC 365.

So, we are bringing AI through ARC 365 right at the point of work. We are enabling people to see the implication of not only showing them what has happened, but also, we show them the implication of what has happened. And we show them what possible decisions can be taken and help them make those decisions. So, this is something that we were, for example, not doing a year back, two years back. And we are able to do

this only because there is AI. So, things are going to change. We have to smell the coffee, go with the change, adapt to it and grow with it.

Moderator: Okay. And sir, the other question is about inorganic growth, what are the kind of businesses are being considered for acquisition by us? By acquisition, are we looking at geographical expansion within the same business area or expansion into any new business segment of services directly related to our businesses or entering a completely new business, which might not be directly related to our business area?

Dr. Ajay Mian: Okay. So, one thing I can say with ease is that we are not looking at a completely new business that we have no idea about. So that's not what we are doing right now, unless something compelling comes up and we start looking at it, in which case we will be happy to come and report to you. But at the moment, the areas that we are looking at are either our own area in a different geography, or areas which are related overall to data engineering and AI solutions. And in those areas, we are not really constrained by geography. We are looking at what these companies are doing and seeing how we can, at a fair valuation, make them offers, and how can we become bigger together. So, we are not just looking at opportunities to deploy funds, we are looking at what can help us increase the business.

Moderator: Okay, and the other question is, currently the AI models are able to replace some layers of software development and maintenance. Our business model is basically based on the implementation layer of the software tools, which is currently less impacted. What if the AI models get into implementation layer of the software tool? And how do we tackle that?

Dr. Ajay Mian: So, for sure, in the next two to three years, you will see this happening. And this is not going to come to us as a surprise. In the next couple of years, the screens will get replaced by agents. So, anyone who has been tracking and understanding this, I will give an example, the ERP business let's say, five years back, ERPs were largely implemented on-prem, or let's say six, seven years back, ERPs were implemented on-prem with a, one-time large license sale, and then you had revenue coming from upgrading the ERP, maybe every year. Now when the ERPs have come to the cloud, this yearly upgrade revenue has just evaporated. Because anything which is on the cloud gets automatically upgraded. But that does not mean that our business has evaporated. There was a time when these upgrades would constitute of maybe 30%, 40% of the business. But then the disappearance of this upgrade revenue

has not reduced our business because there are other things that have to be done.

The cloud also gave us the ability to bring to the customer the platform on which the ERPs are hosted. We started getting recurring revenue. As the customer grows, they have more need for the product and that gives us more product revenue. So that's a recurring business, which has only strengthened over a period of time. Earlier, it used to be like a one-time large sale, and then you had to wait for the next time that you were doing the sale. So, all these changes will happen. And we are working with our eyes and ears wide open to see what's changing and adapting to it.

Moderator: Since there are no further questions, would you like to give any closing comments, sir?

Dr. Ajay Mian: I really want to thank everyone who comes to our calls. And I hope that I have been able to give some view of what's happening within Alletec and how we are interacting with things that are changing around us. We look forward to continuing doing this. We continue to work on what needs to be done to move to the main board. We continue to work on ensuring the sensible deployment of the funds that we have. We continue to grow more aggressively in the market and be, I would say, more meaningful to our customers and more impactful to our customers.

We keep building things which our customers are likely to require. We keep investing in building those skills and bringing discipline and rigour for both sales and deliveries. And we will continue to do that. Thank you very much and enjoy the rest of your evening.

Moderator: Thank you, sir. Thank you to the management team for your valuable time. And thank you to all the participants for joining the call. This brings us to the end of today's conference call. You all may disconnect now. Thank you.

Dr. Ajay Mian: Thank you.