

## **All e Technologies Ltd.**

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Exchange Plaza, Plot No. C-1 G Block  
Bandra-Kurla Complex, Bandra(E)  
Mumbai -400051

**SYMBOL: ALLETEC**

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**Subject: Transcript of Q4 and FY'24 Post Earnings Conference Call organized on May 22, 2024**

Dear Sir/Madam,

With reference to the above-mentioned subject, kindly find enclosed herewith a copy of a transcript of the Q4 and FY'24 Post Earnings Conference Call held on May 22, 2024.

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

Kindly consider this for your record and information.

Thanking you

Yours truly

For **All e Technologies Limited**

AKASH  
CHAUDHRY

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AKASH CHAUDHRY  
Date: 2024.05.30  
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Akash Chaudhry  
Company Secretary and Compliance Officer



**All e Technologies Ltd.**

**Q4 & FY 2024**

**POST RESULT CONFERENCE CALL**

**Management Team**

Ajay Mian - Founder and Managing Director

Rajiv Tyagi - Executive Director

Ritu Sood - Executive Director

Sandeep Salman - Head of Cloud and Managed Services

Sandeep Jain - Chief Financial Officer

**Call Coordinator**



Strategy & Investor Relations Consulting

## Presentation

**Moderator:** Ladies and gentlemen, good evening. I welcome you all to the Q4 & FY '24 Post Earnings Conference Call of All e Technologies Ltd. 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 risks and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to quickly run us through the presentation for Q4 and FY '24. Giving us a brief on the performance highlights for the quarter and the year that went by. The growth plans and vision for the coming year. Post which, we will open the floor for Q&A. Over to you sir.

**Ajay Mian:** Thank you very much Vinay. Good afternoon everyone from India. It's always a pleasure to come and meet you once in a quarter, go over what we have done, what we are doing, and look forward to the interactions today.

Let me put up the presentation that we have made. You can see my slides?

**Moderator:** Yes, we can see it.

**Ajay Mian:** Okay. Very good. So let me quickly go through the first couple of slides. This being the first call of the new financial year, we have slightly changed the sequence. We are going to go back and start talking and giving an overview about what Alletec does. Since there have been a number of new investors who were added during the year, I was suggested that it'll be a good thing to go over what we do.

Of course, we'll talk about the numbers. We'll talk about what has not changed, and then the standard annexures. So what does Alletec do?

We enable enterprises to modernize with digital transformation. And what does that mean? With advent of digital technologies, a lot has changed in the manner businesses are conducting themselves when interacting with their customers and other businesses.

One of the most important things that we do - we enable these businesses to 'Modernise their Digital Core'. That means enabling them on the Cloud, it could mean bringing automation of various processes, modernisation of their applications, bringing collaboration tools, and then enabling the platform to capture their data so that it can be used for Data Engineering and AI.

Having done that, the other, and which I think is one of the largest parts of our operations, is we enable these organisations on their enterprise applications. ERP, CRM, Human Capital Management, Commerce applications. We implement them and we tailor them to specific industries and then to the specific organisations.

In the process, we also study the organisations and help them with their process optimisations. This could mean identifying bottlenecks; it could mean bringing in various efficiencies; how does it reduce cost for the organisation, and redesigning the workflows? So process optimisation becomes an integral part when you do enterprise applications, and the digital core modernisation. And while we are doing all this, systems have to work together. So Systems Integration becomes a key part. These could be your internal systems or these could be third party systems, which you may be using from cloud, for example. So, integrating these disparate systems and new technologies. And of course, you need the right IT architecture for it and ensure that the data flow is seamless within the organisation. And with all of this data getting accumulated, then you have to work to engineer that data - use it for machine learning, use it for forecasting, predictions, and then various forms of AI.

And with any organisation goes through so much (systems and technology modernization), there is need to enable the users consume the system. This requires 'Change Management'. And we work with the management of the organisations to help with the Change Management process. It means Training the users. It means helping them identify and work in their new roles. It may mean working in different ways when it comes to Collaborations. So, these

six things broadly define what Alletec does. So perhaps, the easiest way for anyone to understand what we do, would be to kind of think of us as an Accenture for the mid-sized organisations.

And when we do this, here are the industries that we do this typically for. We were asked in the last some calls that how much do we do in which industry? So, this time we have brought in the split. As you would see, the Professional Services industry and Manufacturing are the largest, and then so are Food & Beverages, EPC, Trade & Distribution, and some of these others are also amongst the most visible industries that we work with.

And how do we do it? Yes, our solutions continue to be based on the Microsoft's technology stack. The base remains the Identity, Security Management, Compliance. Microsoft Azure sits on top of it, and then you have the Microsoft Power Platform. And then, you have the Microsoft 365, Dynamics 365, and all the solutions and services for Data and AI. The next slide is a blow up of what Dynamics 365 is, because it's massive. And these are the various things that our customers ask for and need. And we provide them solutions based on these (products and technologies).

There are some other technologies that we use. For example, in some cases, when the best of breed application is non-Microsoft, we do not hesitate. We will go out and use that as well. But most of the work is still based on the Microsoft tools and technologies.

We decided that we'll give you a couple of examples this time - how have some of our customers used us and benefited from our engagements.

This **Case Study 1** is the case of a cosmetics wholesaler/ distributor. As you can see in the map, this is from the USA. It's a leading wholesaler & distributor of cosmetics, and they needed to modernise their inventory management and order fulfilment. We moved them to the cloud, and it became a cloud-first approach for every business operation that they are doing. It also included Intelligent Process Automation. By-the-way - Intelligent Process Automation is the original RPA+AI. So that's what's called the Intelligent Process Automation.

We have gone ahead and done several enterprise applications for them. The ERP with Dynamics 365 Business Central, parts of CRM at the moment - with Sales. We have enabled automation with Power Platform, the Advanced Warehouse Management solution - which is our IP. Also, an in-depth analysis and consultation process with which we did their Process Optimisation. So now they can see real-time Inventory. Their salespeople in the field are now able to see their inventory live. This needed not just technology adoption, it also needed change in the way they were doing their business. Now they can reserve inventory against some orders. Some of these things may feel like ordinary, but when you are looking at a business who has not been doing it, it requires a lot of change management to bring a business to a point where some of these things become a part of the organisation. And then, we are now helping them with data engineering and pieces of AI. And, of course, there is a lot of system integration that has happened in the process.

The **Case Study 2** it's a large global financial services consulting firm. We worked with their Africa operations - 5 countries, 14 entities in these 5 countries. And again, cloud adoption, apps modernisation, the enterprise applications of ERP and CRM. In this case, we also had the SharePoint applications to be built and integrated for them. We helped them in optimising several processes, and this meant sales cycle, client onboarding process, contract management, and then, of course, the system integration with all these systems working together. And now, also working with them on BI. So as you would see, most of these things require a consulting led approach, and that's why our customers choose us.

In the **Case Study 3**, we have done it for the India operations (of this international entity). It's a global private equity investment firm. We helped them in their digital core modernisation through cloud adoption, and app modernisation. In this case, the app and device security (solution) was also needed. The enterprise applications of ERP and CRM, but we also had to do for them some other app development work. This was some organisation portals that had to be built for them.

The process optimisation in this case meant consolidation of various businesses and regions, cost allocations, fund and deal management,

expense management, the integration of various applications, and then the Data and AI.

So, these case studies would give you an idea of what Alletec does, which is actually going beyond how one typically thinks of an IT organisation in India.

An overview as a business applications provider ... <unclear> ... we are about 360 people. And glad to say that 30% of the workforce is women. And they are represented in this call by Ritu, who's a Member of the Board and has been with the company now for almost 20 years. We were, once again, certified as a Great Place to Work. We have done in excess of 900 implementations, ... close to a 1000 now, multiple times awarded with Microsoft's Inner Circle and other awards, (and have) multiple country operations.

I think this slide is something that you have seen before ... I don't need to go through this, I guess.

So, what are the growth drivers? What do we think of the business going forward? I think our strongest growth driver is the comprehensiveness of our offerings. Our customers don't come to us for one thing. Our customers come to us because the adoption of digital is very challenging, and we become a one stop for all their digital transformation needs. We help them with their core modernisation. We help them with their enterprise applications, be it ERP, CRM, human capital or commerce. We work with them for their Data and AI solutions, system integration, consulting services. So it's a journey, and this comprehensiveness of our offerings makes us attractive for them. We base most of our offerings on Microsoft Stack. As you know, the Microsoft business and Microsoft brand image, and the value proposition that Microsoft has been providing to customers, has only been strengthening in the last several years, and it will continue to do so in the foreseeable future. It's becoming an AI first organisation, and we are bringing the same things to our customers.

Our international focus is very important to us. This enables us to reach to more customers. This also enables us to improve our profitability, and we are going to continue our investments there. Our IP led solutions make us attractive for businesses when we reach out

to them in our sales and presales period. And this focus will also continue. And then we continue to work on our inorganic growth initiatives.

The SWOT analysis is something that we had spoken of before. The strength for us is - we have a significant customer base. Over these two decades, with various industry solutions and IP, experience across various countries, the deep competence that we have in the business applications, suite of solutions and the strong alignment with Microsoft, give us (I would say) a huge advantage (when compared to other providers in the market). And in this area, we have been in a leadership position. Our weakness, well ... this is something that we know ... (and) have been working on ... we want to take our industry solutions to the international market. And weakness does not mean that we haven't made progress on it. We have. We continue to do that particularly in the U.S. and African market. We have had several customers now take our industry solutions, sometimes as a framework, sometimes as part of our overall solutions, but that's what enables us to get to more customers in these regions. And we are continuing to work on that.

We also need to increase the strength of our consulting and salespeople on the field; and that's an area that we are increasing our investments in. Yes, the increasing cost of talent will continue to be a threat. We continue to now add more people to the organisation, both laterally and through campus. We added a batch (of trainees) ... we spoke of it in the last quarter. This year again we will add another batch from campus and keep on selectively hiring laterally from (other) organisations.

The opportunities of course, is the digital transformation momentum, the strong Microsoft growth in the space, and Microsoft is growing faster than the market. The infusion of Artificial Intelligence by Microsoft in all product lines and of course, India's emergence as a global economic power are strong drivers to our business.

Let's (now) look at the numbers, and I guess many of you would have already seen this. In the Q4, our income from operations was ₹30.4 crores. The total revenue stood at ₹32.38 crores. We had a net profit margin of 17% in Q4.

Repeat plus recurring in Q4 was 79%. We added 11 new customers. If you look at the complete financial year '24, the total revenue (the income from operations) was ₹116.3 crores. The total revenue was ₹123 crores. As you would recall, we had set ourselves a target of 25% Y-o-Y, we have been able to exceed that by a certain margin. Our net profit margin has now improved to 15.9%. This means an operational revenue growth Y-o-Y of 32.7%.

Repeat plus recurring revenue was 88% and during the year, we added 56 new customers. Our team size currently stands at 360 people. In terms of ratios, the operational revenue growth quarterly went up 28%, annual was 32.7% and the EBITDA growth in the quarter was 69.5% over the year, 71.5%. The EBITDA growth was 70.5% for the year. The net profit, Y-o-Y grew 69.8%, which means 15.9% of net profit margin for the year.

Our domestic services revenue was 35.2% for the year, and the U.S. was 45.8%, Africa, 9%, APAC, 6.6%, and Europe, 3.4%. These are the charts just for a visual representation of the numbers that we spoke of just now. As we had just mentioned, we added 11 new customers. 5 of them were domestic and 6 internationals during the quarter. And during the year, we had 34 new domestic customers and 22 new international customers.

These are the numbers that represent the Top 5 and Top 10 (customers), and I think the most notable thing is that our reliance on the Top 5, or the Top 10 customers, is not that much. In fact, if you look at overall year, our reliance has also come down as compared to last year. A view of how Microsoft has been doing. So the Intelligent Cloud business for Microsoft has grown by 21% as per the results of Q3 for them. The Azure Plus business grew by 31%, and the Dynamics 365 by 23%. And these numbers and these growths are faster than their competition in the market.

Operational updates from our side. What we have been experiencing is that our net new customer acquisition in U.S. has improved this year, and particularly in the recent months. What that means is that I would say - until last year, most of the customers that we used to acquire in these regions would be companies who would have decided on the Microsoft Business Applications product at some

point in time, but would move to us for (I would say) better service, efficiency, cost optimisation.

But this year, particularly in the last couple of months, we have started adding several net new customers. That means customers who are at a stage where they are trying to understand whether they should buy a product A, B or C. Now that requires a consulting engagement and telling them that how would a certain product line help them in meeting their business challenges.

So this net new customer add has increasingly started making us more attractive to the Microsoft field sales people in the U.S. And as a result of that, we are now deciding to increase our investments on the sales and presales side in this region. Increasingly, more number of customers have been showing interest in exploring the IPA, the co-pilots, and the data engineering. And this is all the result of how much change AI, particularly Gen AI, have been bringing to businesses.

And we are currently doing these engagements with some of our customers. Our M&A activities continue to take attention from us, and we are currently in conversation with one data engineering company. What has not changed, the Board of Directors ... you're familiar with ... other than maybe some pictures changing on this slide, and the lead management ... all stays the same.

And then, you have these standard annexures which you probably would have seen by now. And there's a slide on - where we invested our CSR. So let me close this, stop presenting here and open up for conversation.

### **Question-and-Answer Session**

**Moderator:**

Thank you. All those who wish to ask a question may use the option of raising hand. In case there's a problem at your end, you can also drop a message on the chat. Anybody who wishes to ask a question, please raise your hand. If you're unable to raise hand, you can unmute and ask your question.

We'll take the first question from Varun Agarwal. Varun, you can go ahead.

**Varun Agarwal:** Congratulations for the consistent performance this year.

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

**Varun Agarwal:** I would just like to get some update on the inorganic acquisition part.

**Ajay Mian:** Well, I think the updates (on this) are like 0 or 1. Rest of all is WIP. So as I said, at the moment, if you recall in the last year -- well, in the last quarter, we had mentioned that we are talking to one company in the Dynamics space as well. This was a company not based in India. And at one point in time, this company then felt that their numbers in this year are going to be better than what they were last year. So we mutually agreed to postpone our further discussions till end of the year, because they wanted to leverage the growth that they felt they are going to have in the business. But this activity continues. In the process, we would have probably met and evaluated at least a dozen other companies. And the one company that I'm talking of is a company that we have had several conversations with.

We are not at a point where we would say that we are close to a term sheet, but several conversations have happened and they will continue to happen till we decide one way or the other.

**Varun Agarwal:** So this will be re-evaluated post June quarter?

**Ajay Mian:** The Dynamics company that we had on our slide last time, they wanted to revisit it end of the year, which is end of the year of their business, which is December. So they thought that this year was going to be significantly better for them. And we had a little bit of, I would say not so sure. And - being better means different valuation numbers, different multiples. So we jointly decided to hold that conversation off for a couple of months and revisit it end of the year to see how much have they progressed and what do the appropriate multiples look like. The conversation for the current company are currently progressing.

**Varun Agarwal:** Okay. And how are the developments seen in the U.S. and Canada markets?

**Ajay Mian:**

Well, we are very encouraged with what we have seen in the last, I would say couple of months. We have had some really good (customer) acquisitions and as I said, this is where we are now competing there with the likes of maybe an SAP or Oracle or Infor, which means - we have started doing there what we have been doing in India. So, look at their various initiative that they require in digital transformation. And if you recall my very first slide, we look at everything. What do we need to do for their digital core modernisation. What do we need to do there for their enterprise application? An enterprise application is not one thing. It's not just ERP. I mean, if you look at ERP itself, it's many things. It's sales, purchase, financial accounting, it is manufacturing, it is distribution, and then you go on and look at their CRM processes, be it sales, be it customer service or marketing or field service. And then you go on and look at various pieces of automation that they need to do. And then the whole data engineering side, so it is a journey.

Once we get there, we kind of stay there. And that's what has resulted in us having a very healthy number of active customers. I think our total number of active customers is now ~250. Now that does not mean that every customer will continue to make the same level of investment with us through the year. They will not, because their own investment, they initially make some investment, then they need to consume what has come in there. It takes time before they move on to the next initiative.

But because our service offerings and our touch point to their businesses are so many, the relationship continues and we continue to bring new business with them with time.

**Varun Agarwal:**

So these new deal wins which we get in U.S. and Canada compared to the Indian business, we have better margins in that?

**Ajay Mian:**

We do. Absolutely. Well, not on the product side because product costs the same in India and in the U.S., barring maybe a little bit of currency exchange difference. But from a services point of view, absolutely.

**Varun Agarwal:**

Okay. Thank you, and all the best.

**Ajay Mian:**

Thank you very much, Varun.

**Moderator:** Thanks, Varun. We'll take the next question from the line of Agam Shah. Agam, you can go ahead please.

**Agam Shah:** Congrats on good set of numbers. Good data giving question. I see balance sheet, short term loans and advances have gone up from ₹54 lakhs to ₹10 crores. So can you just tell me what is this figure of ₹10 crores?

**Ajay Mian:** Sandeep, yes ... Yes, Sandeep?

**Sandeep Jain:** Short-term loans, I need to get into the details. So it's basically, advances given to our subsidiaries.

**Agam Shah:** Okay. To your industrial subsidiaries, right?

**Sandeep Jain:** Yes. Yes.

**Agam Shah:** In terms of can you talk briefly also in terms of your broader outlook in next two to three years? Where are we seeing now the company? We have crossed the ₹100 crores mark in terms of revenue. So what is now the roadmap in say next three years vision and better longer time frame I'm seeing. Can you talk on that?

**Ajay Mian:** Sure. Well, internally, we are going to keep pushing the pedal, and we expect that we will continue to grow in the range of 20% to 25%. And this year also we thought we will do 25%. We did a little bit more. So that's one part of it. So, organically, that's the number that we are looking at. It could become better, and in addition to that, there will be these inorganic additions, which will add to our overall growth.

So we see the next three to five years, we should be running a substantial revenue and a substantial business in different geographies. So being in different geographies, of course, helps us in a manner that even if there are fluctuations or market conditions changing from region to other region, we remain ... less affected by any of those changes.

The area of work, by the way, that we are in. I mean, this is time for this area of work. Anything related to digital transformation is an

urgency for businesses. All of us are seeing how (the way) AI and data engineering practices are growing. These will impact all businesses, and these businesses will require help from organisations like ourselves, to tide over and stay competitive.

**Agam Shah:** So just continue your last point. So can we not accelerate our growth and maybe grow more than 25%?

**Ajay Mian:** Well, we could.

**Agam Shah:** But this is when we were small.

**Ajay Mian:** Well, the thing is that we potentially could.. As your base grows, your ability to grow further also increases. If I look at ... this year we added let's say, 25 crores or so to our top line, it might have taken us many, many years to reach the first 25 Crores.

**Agam Shah:** Correct.

**Ajay Mian:** So yes. But the thing is that, you also have to put targets, which don't look (only) theoretical. So you have to see, okay, this is the minimum that we want to push and do, but that does not mean that by forecasting a number or by taking some target, we go to sleep. We anyway keep pushing with all our might. And time will tell us. Sometimes we will do better and sometimes we may falter, but the thing is that we'll keep going on.

**Agam Shah:** Okay. That's it from my side. I'll join the queue.

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

**Moderator:** Thanks, Agam. We'll take the next question from Paras Chheda. Paras, you can go ahead, please.

**Paras Chheda:** Thank you. Congratulations, Dr. Ajay. It's been really phenomenal performance and was steady, actually. Now...

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

**Paras Chheda:** I'm just trying to understand the margins, I see operating margins have improved a little bit even in this quarter. Do we see this, this

one of the level like close to 19% - 20% getting stable and possibly sustaining going forward?

**Ajay Mian:** See, it will. As I was just mentioning a short while back, as the percentage of our international services business increases, these margins will improve. And you have to see that it's not just one factor. On the other side, in order for us to improve our margins internationally, we would also have to recruit more people in these regions. That means more salaries. So there are more than one parameters which play a role in it; but absolutely, our expectation is that if we're going to look at our margins in three to five years' time, they will be in the range that you are mentioning.

**Paras Chheda:** Right. And, I mean, just I extend the same question that the previous participant asked you. I mean, I do reckon that, you'll have sort of some growth target like 20% - 25% revenue growth every year kind of thing. But like, is there a vision for a certain revenue number over the next three to five years? Like, for example, put like a ₹300 crore. Some number that vision that you're working with?

**Ajay Mian:** Yeah. Absolutely. I mean, some of this is more like ... in some sense ... something that may not happen in two years, three years ... but something that will probably happen in a time frame of 5 to 10 years. But as an organisation and as management team, we all have spoken of targeting reaching a ₹1000 crore in revenue both organically plus inorganically in a period of maybe eight years, nine years. It could be seven years, six years. Time will tell, how some of these things move. But we have said we have spoken and agreed internally that that's the North Star at the moment that we are looking at.

**Paras Chheda:** Right. And in terms of acquisition, like you said, there is a discussion that is going on. Other than that, at the moment, there is really nothing much on the table for now.

**Ajay Mian:** Well, the thing is that, I may have 5 other companies, who I am looking at, but unless something ... unless I've had like at least five conversations with somebody, there's no point in bringing that up here. We don't have to give data just for the sake of data. You see, it's election time, and everybody talks of numbers. But for us, it's not election, right?

**Paras Chheda:** Absolutely. Congratulations once again, and thank you so much, and thanks for the time that you gave us.

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

**Moderator:** Thank you. We'll take the next question from Tushar Vasuja. Tushar, you can go ahead, please.

**Tushar Vasuja:** Thank you. I'm a bit new to your company. So can you please explain me how pricing works in your industry? Like, what are the factors that can affect your margins?

**Ajay Mian:** Tushar, you would need to repeat, please. I missed your first few words.

**Tushar Vasuja:** Sure. No problem. So I'm a bit new to your company. So can you please explain to me how pricing works in your industry? Like, what are the factors that can affect your margins?

**Ajay Mian:** Yes, absolutely. So let's look at what is it that we provide to our customers. When we provide a solution to our customer, it has, I would say - broadly three components. There's an initial consulting piece involved in the overall engagement. And then there is a solution involved. The solution has two components. There's a product. The product also has two components. There's a Microsoft piece of the product, and then there is our IP. And then there are implementation services, which will be followed by support services till the customer starts a new initiative.

So the consultation, consulting pieces is all ours. Now depending on where the customer is, and I have mentioned in some of our previous calls, when we work in India, our margins on services are typically in the range of 22% to 25%. But when you are working with customers, let's say, in the United States, our margins are in the range of 50% to 55% on services ... which means the implementation services and our support or maintenance services.

When it comes to product, the margins are roughly the same, and sometimes a little bit low in India, because sometimes you have to get to do some discounting and so on. But still, I would say our

margins on the product stay somewhere in the range of 16% to 18%, even 19% sometimes. So that's how it works.

**Tushar Vasuja:**

Okay. Thank you. And my next question is regarding, you also mentioned in your answer, IP led solutions. I did not understand that quite a bit. So can you please explain a bit more about that?

**Ajay Mian:**

Yes, absolutely. When you talk of these enterprise applications, for example, these applications are to be used by a business and they will be useful for this business only when they capture the specificity of the domain. So if you look at an ERP, this ERP is used by all types of industries. Whether somebody is doing manufacturing or providing services or travel or e-commerce, everybody may be using the same ERP. But now for this ERP to be usable by this company, it will have to be tailored for that industry, and then customised for that specific organisation.

So the same product, which is for example being used by a travel company, be it a MakeMyTrip or a Yatra or a Travel Guru is also the same product which will be used by a manufacturing company. So in order to do that, we tailor the product, and sometimes we tailor it to a point where we create an IP out of it. And then it becomes available on the Microsoft Cloud for the customers. So, if you look at as an example, our travel vertical solution is our IP. Our IP means that we have in it years of domain knowledge and experience and pieces of solution that we have built after having worked with dozens of customers in the travel sector. So that is our IP, and we typically go and charge the customers a certain fee for it.

**Tushar Vasuja:**

And I'm assuming the margins for this would be more than the regular business.

**Ajay Mian:**

Yeah, absolutely. I mean, whatever we get from the IP is all for us. And, of course, we have to keep investing in building these products and keeping solutions updated.

**Tushar Vasuja:**

Okay. So my last question. So, like, I'm trying to understand what's the market size for this industry, domestic and U.S.?

**Ajay Mian:**

So it clearly runs into high-double digit billions of dollars. If you look at the Microsoft numbers, just on the business applications side, last

year they did more than 5 billion (USD). Now, if you add to it the Azure side, it's significantly bigger. For every dollar that is spent with Microsoft on the (Business Applications) product, overall, the customer ends up spending at least five. So if you combine everything, this overall market size is somewhere in excess of \$50 billion.

**Tushar Vasuja:**

Okay. And how is the industry growing like?

**Ajay Mian:**

So, obviously, our industry - I just presented a slide where you've seen that how Microsoft in its areas have been growing faster than the market. But when you ask about -- ultimately, these solutions get deployed for customers who are working in their specific industries. Now those specific industries would have variations based on what's happening to that industry. For example, when COVID struck, the travel industry came to a standstill, and nothing was happening in that industry. After the initial setback however, the large travel companies thought that this was a great time for them to revamp their systems, something that they had deferred for a long time. So after the initial setback, and once everybody knew ... there is visibility of how the world is going to come out of the pandemic, while their businesses were not growing at that time, they started investing in revamping their systems.

But at the same time, some other industries were doing far better. So when you talk of industry, it varies industry to industry. Some industries at some point in time do better than some others. And how have the industries been for us in the last year? I presented it in the slide on our industry spread. Professional Services got the highest, followed by manufacturing, and others that I have mentioned there. Does that answer your question?

**Tushar Vasuja:**

Yes. That definitely answers my question. Thank you very much.

**Ajay Mian:**

Thank you.

**Moderator:**

We'll take the next question from Imran Khan. Imran, you can go ahead, please.

**Imran Khan:**

Thanks. Good afternoon, gentlemen. I have a couple of questions. Number one is on, on the revenues that you report. So I was just

curious, if you can split the revenues maybe broadly in discretionary spends by the customers and the nondiscretionary.

**Ajay Mian:** And give me an example. What would you call nondiscretionary? ...  
<unclear>

**Imran Khan:** I'm also trying to...

**Ajay Mian:** What would you call discretionary, and what would you call nondiscretionary?

**Imran Khan:** So there might be certain projects which are very, very critical for a company without which...

**Ajay Mian:** Sure. Let me answer your question. See, ironically and fortunately, I would say, the solutions that we provide, God forbid, if the solution stops working, the customer's business stops. So our solutions are mission critical. The ERP needs to work all the time. The CRM needs to work all the time. That's the only thing that one would say is that, if let's say, a certain piece of data engineering doesn't work for some time, the business is not going to stop. But then the business needs that data for their decision-making. But it's not discretionary.

Nobody in business wants to spend anything discretionary, unless it is bringing a return on the investment, nobody's going to spend \$1, right? So it's not discretionary. The discretionary thing would be, if a business thinks that they are doing fine and they don't need to do anything more for the next several years and they want to stand still, they will see the world around them moving faster than they are moving.

And in the process, they would go down. The option to stand still doesn't exist in this world. You will either keep moving forward or you will decline. Either you will take that decision or the world around you will take that decision for you. But nobody has a discretionary spend. They spend only when they think that the spend is going to give them a return on that investment.

**Imran Khan:** Right, right. The other question I have is on the risks, on the business side, so if you could just highlight maybe some of the risks that you

may face, or may impact your growth going forward. Just trying to understand that.

**Ajay Mian:**

Well, at the moment, I cannot think what could retard our growth going forward. I mean for example, if there was another pandemic, okay, there could be temporary setback where the world is taken aback and doesn't know how to react. But you see, most of the IT industry actually grew faster during the pandemic, than it was growing before.

The world during the pandemic learned how to work remotely and how to work with partners in different parts of the world and we gained from it. So from that point of view, I would say one of the risk that we have identified in our, SWOT slide is that the cost of people keeps going up, and we always have to be careful about that. So that's one part of it. The other part of it is that, well, if we are sloppy, if we don't do our job, then anyways, anything can happen.

**Imran Khan:**

And no risk from the macroeconomic point of view? Nothing?

**Ajay Mian:**

Well, the risk to us would be no different from the risk to most other businesses, I would say. But I would say the technology business has invariably done better even in adverse situations, as I was saying and just to repeat, how we saw the reaction of the world during pandemic. After the initial setback, the technology business started moving faster than it was moving before.

And it is basically to mitigate any unforeseen situation that we have chosen to be in different parts of the world. So we have businesses in the America, which is U.S. and Canada, and then we have Africa and several countries in Africa, the Asia-Pacific. We have customers in the Middle East. So our geographic spread gives us some level of insulation from any local turbulence.

**Imran Khan:**

Got it. Thank you.

**Ajay Mian:**

Thank you.

**Moderator:**

Thanks, Imran. Before we go to the next participant, I have a question on chat since he's unable to raise his hand. Bhavesh Bhatia, you can go ahead and unmute yourself and ask your question.

**Bhaves Bhatia:** Thank you. Hi, good to see you.

**Ajay Mian:** Hi, Bhaves.

**Bhaves Bhatia:** Congratulations on a great set of numbers. You have, like, if I compare All E with the other microcap and small cap companies, you have grown at a very good rate and consistently perform quarter-on-quarter basis. So good performance from the company and management. And my first question would be with regards to your revenue. So have done a revenue of ₹116 crores. And out of that, I wanted a split of annuity based revenue and a fixed revenue. Do you have that number currently?

**Ajay Mian:** Yes. I mentioned it in my slide. Our repeat plus recurring revenue for the year has been 88%.

**Bhaves Bhatia:** Okay. Got you. And what about the attrition rate?

**Ajay Mian:** The attrition rate during the quarter was 7%, and during the entire year, it stood at 16%.

**Bhaves Bhatia:** 16%?

**Ajay Mian:** 16, yes.

**Bhaves Bhatia:** Okay, that's it.

**Ajay Mian:** That by the way would also include some people who had to be let go for performance reasons. So that's all put together. This also includes some people who might have left within the first few months of their joining. So there's a complete number.

**Bhaves Bhatia:** In the last quarter, you had some 350 headcount. Now you have increased it to 360, am I right?

**Ajay Mian:** That's correct. Because some people who were, I would say not confirmed, they got confirmed over this period of time. Some people who were in training positions were confirmed at this period of time. So the number is now around 360.

**Bhavesh Bhatia:** Okay. Great. So you have cash and cash balances of ₹115 crores. So how do you plan to utilise that, like in acquisition, any bonus issue, or any other purposes you can?

**Ajay Mian:** The top of our mind, of course is acquisitions. Inorganic growth, it's certainly going to be the biggest application of those funds. But even otherwise, as I mentioned during the presentation, that we are increasing our investment in some of the international geographies. So getting people in, for example, to work in the U.S., we have also added some sales strength in India geography. So we are going to use some of that money for those initial investments, which will give us dividends then in the times to come.

**Bhavesh Bhatia:** Great. That's it. All the best.

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

**Moderator:** And we have another participant in chat, Shashank Rastogi. You can unmute and ask your question.

**Shashank Rastogi:** Yeah, hello.

**Ajay Mian:** Hi, Shashank.

**Shashank Rastogi:** Congratulations on a very good set of number. What is your revenue and EBITDA guidance for the current fiscal year?

**Ajay Mian:** Revenue and EBITDA for the fiscal year that has gone by, I assume.

**Shashank Rastogi:** No, for this financial year, what are your plans for the revenue and EBITDA?

**Ajay Mian:** The forecast, you are saying? Okay, you are saying forecast for this year.

**Shashank Rastogi:** Absolutely.

**Ajay Mian:** As I said, internally, we have taken targets to grow by about 25%. It could be a couple of percentage points higher or lower, but that's what we take as internal targets.

**Shashank Rastogi:** Okay. So it will be with the organic growth, or you are keeping in mind the inorganic growth part as well?

**Ajay Mian:** No, these numbers are organic. Inorganic, whenever it happens, will be on top of it.

**Shashank Rastogi:** Okay. Okay. Thank you. Great performance. Thank you so much.

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

**Moderator:** Thank you. We'll take the next question from the line of Mihir Shah. Mihir, you can go ahead please.

**Mihir Shah:** Hello, so I have two questions.

**Ajay Mian:** Yes, Mihir.

**Mihir Shah:** Is this the growth sustainable? And if yes, still what size of turnover? Would you be able to keep growing at this rate?

**Ajay Mian:** Well, that's what we aspire to do. Okay, now that does not mean that we will always keep doing the same things to get the same result. And obviously, as the number grows, getting that percentage growth becomes increasingly harder. We are very much cognisant of that. But we will see how we have to do different sets of things, because I gave you whatever North Star is, and we may have to take different measures to get there. On the way, we might have, maybe a rough patch somewhere, but that does not mean that it will change the position of the North Star.

**Mihir Shah:** Okay. So my next question is, do you plan to stick to Microsoft, or are there other platforms or capabilities being explored as well?

**Ajay Mian:** Well, we are not stuck to Microsoft, first of all, even now. Microsoft is certainly the platform that we use most often, simply because for most of the things that we do, it is the best platform right now. If you want to look at enterprise applications for mid and upper mid-market sectors - Dynamics 365 is a great platform. If you want to look at the Cloud Azure, it is one of the best platforms, it is growing faster than the market. If you want to look at the low-code, no-code platform, then the Power platform is better than most other platforms. So the

issue is not whether we are selling Microsoft or we are selling Oracle or SAP. We are not selling any of those solutions. We are in the business of helping our customers go through their digital transformation. To do that, we have to use some tools and technologies. We base our solutions currently, the solutions for which the Microsoft products are the best, the Microsoft Stack.

For some other things, we have also used in the past and will use in future, some other technologies and some other solutions as well.

**Mihir Shah:** Okay. Thank you.

**Ajay Mian:** Thank you.

**Moderator:** We'll take the follow-up question from Tushar Vasuja. Please go ahead.

**Tushar Vasuja:** I had a few follow-up questions.

**Ajay Mian:** Yes, Tushar.

**Tushar Vasuja:** So, when you were explaining to me earlier, you said that you are present right from consultancy stage to implementation stage. I just want to know if you also do maintenance for the products and solutions that you prefer.

**Ajay Mian:** Of course. You see, we have customers who have been with us for 10 years, 15 years, or even more. Now the life cycle of a customer always is that - initial consulting to have a roadmap for them, that what should they do over the following 3, 6, 12 months and beyond. So a customer may say, let me take the case of the first case study that we had here, which was a cosmetics wholesaler in the U.S. And when we went there, they had issues with their basic operating systems. And we went ahead and optimised some of their processes, and then brought in an ERP and got them using that ERP, which needed many things to be done in terms of -- be their procurement process, be their financial accounting process, be their sales and other things. And as that happened, they said - hey we have some of these ... which we need to get automated.

And we started with them the activities of the Intelligent Process Automation. The ERP piece that we had done has gone into maintenance. So, our customer relationships are always long-term. They, through their journey with us, undertake many initiatives, and every initiative, or let me say most initiatives, after the initial implementation, go into support and maintenance phase.

But in addition to that, there is one other important offering that we have, and that's the offering of managed services. And my colleague Sandeep Salman, who's also on the call, he heads the Cloud and managed services piece of the business where we provide these managed services for various different workloads that we cloud enable for our customers. And his team provides these services 24/7 to customers not just in India, but many other parts of the world.

**Tushar Vasuja:**

Okay. Would it be possible to quantify the revenue contribution from maintenance?

**Ajay Mian:**

Well, it would be hard for me to quantify from maintenance only. But broadly speaking, if you just look at our overall services, so as I said, from the overall revenue that we have, about 88% is repeat and recurring. If you take out the product piece out of it, most of the remaining would be maintenance, if you may. But you think maintenance is not the same way as most people might think of maintenance. Enhancement is a piece of maintenance, and doing an upgrade is a piece of maintenance. Bringing in a new hotfix is a piece of maintenance. Supporting your users or new users with trainings and clarification is a piece of maintenance. So, maintenance here is not like the maintenance of a car or a refrigerator in your house. Maintenance is for us ... making sure that your customers keep consuming the product and solutions, that you have provided to them.

**Tushar Vasuja:**

That's wonderful. I just have one last question. Yes. In your IT, there's a mention of professional services and revenue contribution. I'm sorry, but it's a quite broad term. So can you explain what it really entails, professional services?

**Ajay Mian:**

Absolutely. So organisations which are working for other businesses by providing some services. So let's say all IT companies are professional services organisations. A firm of lawyers would be a

professional services organisation. So any organisation which is not providing products but is providing services is a professional services organisation.

**Tushar Vasuja:**

Okay. Thank you.

**Ajay Mian:**

Thank you.

**Moderator:**

Thanks, Tushar. That was the last question for the day. Do you want to give any closing comments?

**Ajay Mian:**

Well, thank you very much. I appreciate all of you coming and joining us today in the sweltering heat that parts of India has currently. But we are glad that our business momentum continues. We have had a reasonable year behind us, and we are continuing to increase our investments. Some of these investments - for some period of time, and because we come and report quarter-by-quarter - may appear like impacting our margins, but you have to make those investments to keep growing further and we would continue to do that.

**Moderator:**

Thank you so much. Thank you to all the participants for joining on the call, and thank you to the entire management team for being present on the call. That brings us to the end of the conference call. You may all disconnect now. Thank you.

**Ajay Mian:**

Thank you very much.