

All e Technologies Ltd.

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Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C-1 G Block
Bandra-Kurla Complex, Bandra(E)
Mumbai -400051

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Subject: Transcript of Q4 and FY'25 Post Earnings Conference Call organized on May 22, 2025

Dear Sir/Madam,

With reference to the above-mentioned subject, kindly find enclosed herewith a copy of a transcript of the Q4 and FY'25 Post Earnings Conference Call held on May 22, 2025.

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

Kindly consider this for your record and information.

Thanking you

Yours truly

For **All e Technologies Limited**

Kanak Gupta

Company Secretary and Compliance Officer

Membership No.: A74117



ALL E TECHNOLOGIES LIMITED

Q4 & FY'25

POST EARNINGS CONFERENCE CALL

May 22, 2025 2 PM IST

Management Team

Dr. Ajay Mian - Managing Director
Mr. Rajiv Tyagi - Executive Director
Ms. Ritu Sood - Executive Director
Mr. Sandeep Jain - Chief Financial Officer
Mr. Sandeep Salman - Head of Cloud & Managed Services

Call Coordinator



Strategy & Investor Relations Consulting

Presentation

Vinay Pandit:

Ladies and gentlemen, I welcome you all to the Q4 and FY '25 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 risks and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to run us through the business and performance highlights for the period ended March 31, 2025. The growth plan and vision for the coming year, post which we will open the floor for Q&A. Over to you.

Ajay Mian:

Thank you very much, Vinay. Good Afternoon, everyone who has joined this call. I will try and keep the presentation short, which gives us more time for conversation. Allow me to share the slide deck.

As usual, we will go through the numbers first. We'll then talk about what's been happening, which has resulted in these numbers, and then what stays steady and finally, some other details. So, over to the numbers first.

Some of you might have already seen these numbers. Quickly to run through these. In the quarter four, we did a revenue of ₹34.9 crores. For the full year, it was almost ₹140 crores; ₹139.97 crores, actually. The income from operations for the quarter was ₹38.3 crores, and for the full year it was ₹149 crores. The EBITDA for the quarter stood at ₹12.55 crores, and for the full year at ₹40.15 crores. The net profit for the quarter was ₹10.1 crores, and for the full-year, ₹30.15 crores. This means 26.4% net profit margin in the quarter and for the full year, 20.2%.

The income growth quarter-on-quarter for the full income is 0.5%. The total income growth Y-on-Y for the Q4 has been 18.3%, and the figures for the year of total income growth Y-on-Y is 20.9%. Our repeat and recurring business for the quarter was 87.5%. And for the full year, it

stands at 92.3%. The repeat and recurring revenue, as you would see has slightly changed between the quarters, and we will talk about it later. We added eight new customers in this quarter, and our total customer adds for the year were 46. Our team size stays roughly the same, which is plus minus a few about 360 people.

In terms of the percentages, quarterly, Y-on-Y numbers, income has grown by 18.3%. The EBITDA has grown by 62.2%, EBIT by 65.2% and net profit growth has been 83.2%. EBITDA margins have grown to 32.8% and the net profit by 26.4%. The Q-on-Q performance is income growth by 0.5%, EBITDA growth by 24.9%, EBIT by 25.4%, net profit growth by 40%, EBITDA margins have grown to 32.8% and reported net profit margin to 26.4%. For the annual performance, the total income has grown by 20.9%, EBITDA has grown by 47.6%, EBIT by 48.8%, net profit by 53.2%, EBITDA margin is 26.9%, and the net profit margin is 20.2%. These are the various charts just depicting these figures. You can look at them at your convenience.

Now we come to what's been happening that has resulted in these numbers. I think a lot of people have asked me since yesterday that what exactly happened, and what resulted in the growth in profits, in particular? And I have been thinking and really the most extraordinary thing happened is that really nothing extraordinary happened. What basically this means is that whatever we have seen is just a revalidation of the business model.

When we say revalidation of the business model, what does it mean? What are the key points of the business model? The solutions that we offer are mission critical for businesses. It's not an option. Businesses have to go for those solutions. More than 95% of our contracts are directly with end customers. We don't work as a subcontractor to a large company. We have direct end customer relationships, so we become their advisers. And as these companies grow, they want our advice, our services to address their needs of growth and how technology enables that growth.

Most of our sales are IP led, which means that if we are, for example, working in the travel segment, then our travel solution becomes pivotal in helping us close the deal. If we are working in, let's say, banking and financial services, then our BAFNs application plays a key role.

Similarly, other in education, we have our education solution, which becomes pivotal through the customer taking that decision.

In our engagements, we are not just a vendor. Our engagements are consulting led. We engage with customers to understand what their business is looking to do over a period of time, and what should enable those businesses. So, these are consulting led engagements, and our delivery model predominantly is project based. We don't do resource augmentation. These are all projects. Those projects can be fixed cost or they could be milestone-based payments, or they could be also month-on-month based payment, but they are basically project based engagements. And our deep domain knowledge enables us to keep sticking with the customer, give them the comfort, and all of these things together result in high customer stickiness, which also results in high repeat and recurring revenue.

Having a good geographical spread gives us the strength to manage turbulences, as we have been experiencing particularly in the last quarter a little bit more. If, something happening in one part of the world kind of gets offset by more favourable situations on the other side. And continuing our alignment with Microsoft has worked well, and we have said ++ there, because while Microsoft is pivotal to everything, we do as the primary tech stack that we use, but we also use some open source and some other technologies.

Now in the context of what I just mentioned, there are these three things which define, and determine our growth. One, we of course continue to try and take a bigger wallet share from our customers. So, a customer that we did ERP for wants a CRM, and then he wants some automation. He wants business intelligence. Then he wants some data and AI services. And he may want some cloud enablement on Azure. So, all these things enable us to keep staying with our customers and keep helping them with the technology stack and solutions as the customer needs keep growing.

The other important aspect of our growth strategy is geographic expansion. We go to new geographies, and we go there with our core offerings. The same core offerings that we are using for our customers in our established markets. When we go to a new geography, we tend to get a strong foothold there. And then, of course, from time-to-time, we also look at new offerings that we can bring. A couple of quarters

back, we spoke of building our offerings and strength in the data engineering space, and in the AI space. So that has been growing, and now this is very recent. We have decided to add one new offering, and this new offering is on cybersecurity.

With the whole cloud enablement and everything that's been going around in the tech stack and around the business world, Cybersecurity is becoming increasingly important. We look to protect for our customers, their business data, their applications, and their infrastructure with enterprise grade security solutions. Now these security solutions are available, of course, from the Microsoft tech stack, but there are also external security solutions which are very important, and we are working to strike partnerships with them. And some of those we have already started pitching to our customers and have had some early wins there.

And when I talk of cybersecurity, in terms of our practice offerings, this will involve risk assessment and strategy. You can see here that even the cybersecurity practice is going to be consulting led. So, risk assessment and strategy, identity and access management, endpoint and network protection, cloud and infrastructure security, manage detection and response, data protection and compliance, security awareness, and training. We will clearly have more to report on this in the coming quarters. Setting up any new practice, doesn't happen from one day to another. This can take a couple of years to mature, but we should see progress on it in the coming few quarters.

The Enterprise Applications remain the anchor of what we do and we have spoken enough about it in the last several conversations. The ERP, the CRM, the Retail and Digital Commerce are very key. And all of these applications are now significantly enhanced and strengthened with the infusion of AI. And this has been helping Microsoft stay in the leadership position. This is enabling customers to increase their productivity, and it's almost sometimes looking as if we compare the same product as it is today, with what it used to be, let's say five years back, seven years back, it looks like a different product because the way that we have to work on the product and what the product does for us has completely undergone a fundamental change with the introduction of AI tools. Data Engineering continues to gather momentum. We are having these conversations with more customers,

and we have started some data engineering projects with more customers.

One thing that we spoke of, I think, one or two quarters back is that on our sales side we started participating in tenders. Earlier, we were kind of shying away from participating in tenders, but we took up this initiative, and we are putting some focused attention and investment into participating in tenders. Now that resulted in a significant win in Canada for a regulatory body. We picked up this project now or this engagement, I should say, which is valued at about 3 million dollars over a period of three years. And the interesting thing here was that we won this tender over Deloitte and CGI, which appeared pretty huge.

Microsoft has come up with a solution for contact centres. The solution has significantly matured from what it used to be some time back. And we have been taking this to the market, introducing it to our customers, and it has been delightful for us to actually win our first contact centre project for an insurance company in Canada. This project is currently underway. We have been shortlisted in two other RFPs in Africa and the Americas. So, we basically see this participation in tenders, going to increase in the coming times.

There's a broad geographic spread. The Americas in this quarter and this is like U.S. and Canada put together. In this quarter, it has been 61.3% for the full year, 61.6%. India, for the full year have been 24.2%. APAC, excluding India is 3.2%, the Middle East is 2.4%, Africa is 4.9% and Europe is 3.7%. As I said, in this quarter in terms of new customer additions has been, I would say, slow.

We have been looking at and experiencing some turbulent times in various parts of the world, be it because of tariffs, war, or other macroeconomic situations. We had only two new customer adds in India and six new customer adds internationally. If you look at the revenue from the top five and top ten, we had 20.5% revenue from the top five customers, and the top ten added, 30.8%. If you look across the years, and across the quarters, these numbers have been largely steady.

This is a breakup of the revenue that we generated from different industries. Professional services are the largest. Manufacturing is broken up, and most of the food and beverage is also manufacturing.

So, if you combine then, after professional services, the largest is manufacturing.

These are the drivers that we have been speaking of. We continue to work on all of them. One question which you probably would have in your mind would be about inorganic growth. We have been working on it, but at the same time, the point is that we haven't yet succeeded in closing anything. We can talk about what we are doing on this, but at the end of it, we still have to look at what has happened and see what needs to happen next.

These are familiar slides, other than, I think last time we displayed in 24 at the number of years. So now we are like a month short of completing 25 years. We were again certified a Great Place to Work for the third year consecutively.

The other data on this slide is nearly constant. I haven't changed the number of customers here because it's 1,000 plus. So, I guess, the other things are what you already know. These are our offerings. We have spoken about it couple of times. I won't spend more time on it. The Microsoft Stack, the Board of Directors, the lead management, all of this stays the same.

These are the standard annexures, quarterly statement, annual income, the balance sheet. All of these are available from various places, including our website, the NSE website, our Corporate Social Responsibility. Well, that's it. So, if you're okay, Vinay, I will stop sharing.

Moderator: Yes, we will move to Q&A.

Ajay Mian: Okay, thank you.

Moderator: Raj, you can go ahead.

Question-and-Answer Session

Moderator: All those who wish to ask a question may use the option of raise hand. In case you are not able to do so, you can put your question in the chat box, or you can put a message in the chat box, and we will invite you to

ask your question for you. We'll take the first question from the line of Divyansh Gupta. Divyansh, you can unmute.

Divyansh Gupta:

Hi, Mr. Ajay. I'm a bit new to the company. Some questions might be very basic. So, if I look at the repeat plus recurring revenue for the year or across the years, it's more or less standing at 92%, 93%. So then is it fair to state that whatever - so first is the question that how do we define it? If it is Q4, 92%, it means that compared to Q4 '24, it is 92% is recurring or it is even the customers acquired in, let's say, last quarter is now included in the recurring?

Ajay Mian:

So, Divyansh, let me simplify this for you. And I think, it's important that we try to look at it, from a little broader perspective. So, what is recurring and what is repeat? Recurring is a business for which you don't need a new purchase order. So, if you, for example, signed up I'm just taking an example, for a SaaS business and the customer says that I will now use your ERP and he continues to pay for that ERP month-on-month, you don't have to get a new purchase order for it. He just pays for it. On the other hand, if you have a customer who is getting one project done for you and then he goes to the next project and then a third project, you can't take that project for granted.

You still have to talk to him about that project. You still have to convince him how this project will help him. It's different from going and acquiring a new customer. But it is your existing customer, and you still have to go and tell him that how his business going to get benefited from this new initiative? So, this is the difference between repeat and recurring.

Divyansh Gupta:

Got it.

Ajay Mian:

So that we have this 90% from repeat and recurring just goes to show that our dependence on new business is relatively low. So, anything that is new is added on top of what we have already done minus any attrition that we have.

Divyansh Gupta:

Got it. So, my question was actually something you've actually touched a bit on it. So, then we are saying from a new customer acquisition perspective, we are earning around 10% of revenue. So, for a market cap being whatever it is, but for a small cap company, we should expect a higher growth. So, first question, is this 10% then a

signal that the future growth might be 10% more? Or how should we link these two with the lens on looking at the future growth?

Ajay Mian:

Sure. The way for you to understand this is the following. The first thing that you need to understand is that even if let's say you have a customer who bought ERP. Now this does not mean that he is destined to buy CRM from you. He will go and talk to multiple other providers, but you have the advantage that you know the customer. So, if the customer has trust in you, he's more likely to give you the first right of refusal. Now every project like this can still be like a new win.

Every project like this is still and internally, our salespeople are gold and calm on getting new projects, whether those new projects are from an existing customer or they are from a new customer. So, we count new logo ads. And by the way, we have more new logo ads, but we kind of don't count all these customers where the revenue was very, very small.

We only count the ones that are at least over a certain cutoff. And you also have to see whether a customer is added at the beginning of the year, middle of the year, or end of the year. You will have a different amount of revenue generated from that customer. But the thing is that a customer added, let's say, in the later part of this year, will give you revenue in the next year. So that is how you have to understand this.

We will continue to have momentum, in the addition of new customers because these are then the new seeds that you are sowing, which will get plantation in the coming season, and then they will grow over the next couple of years. And if you look at our customer profile, we have customers who have been with us for 20 years, 15 years, many for 10 years. So, for us, the most important thing is the customer lifetime value and not the value of the first project that we sign up with the customer.

Divyansh Gupta:

Understood. The second question before I join back the queue, is around the people. Our revenue went up from 120 to 140, but our headcount has more or less remained around the 360 range. So, the question around the headcount is that how should we think about headcount increase with the revenue increase with Gen AI and all those things being what they are?

Secondly, is there an on-site, off-site mix of head count? And out of this 360, how many would be, in leadership or managerial roles compared to actual tech guys and sales guys, a broad breakup of these 360 headcounts?

Ajay Mian:

So, I think you need to understand our business a little bit better. That will answer some of your questions. The first point I want to mention here is that our team does not comprise of tech guys and senior guys or tech guys and sales guys. At least 40% of the people in the company who are working on projects and engaged with customers are functional people.

They don't write code. These are people who understand the customer's business. They have conversations with the customer. They understand the domain, and they will work with the customer for example to configure the product. And these are also very often the people who convey the customer requirements to the technical team to see how the technical team needs to customise or tailor the product.

So, it's not like a typical IT services company where we have technology people and then we have the salespeople and then we have management. The second part of your or before the second part, the first part of your question is, you have to understand that particularly now in this year and this quarter, the majority of our services revenue is from international customers.

Clearly, our realisation from international customers is very different from the realisation from domestic customers. So as the percentage of our revenue from international business increases, our profitability increases.

Divyansh Gupta:

My question was more how to see the relation between headcount and revenue. Can we scale with 360 people, going let's say headcount only increases by 10%, but revenue can go up by 30%, let's say.

Ajay Mian:

You will get an answer to that question, if you look at our last couple of quarters statements and revenue has in fact kept going up without the headcount necessarily going up because the revenue has been shifting a few percentage points from domestic to international. But it does not mean that it can keep going like this. For example this data that we

reported is only till March. In April, we had a batch of another 20 people joining. So, we will increase the headcount.

And, it isn't a simple equation with just one variable which you can quickly solve because this equation has multiple variables. There is this variable between domestic and international. There is this variable between functional and technical. There is this variable between salespeople because salespeople are involved also in the product sale which generates revenue and profitability.

So, these are a couple of parameters which go together to then finally determine that how much we scale on revenue and how much do we scale on profitability.

Rajiv Tyagi: Ajay, if I can just chip in.

Ajay Mian: Please.

Rajiv Tyagi: Divyansh, I'd like to just specify one thing that, we have multiple IP solutions that we sell. So, one, when you are doing a project with your IP, you gain a productivity advantage. And obviously, in the time to come, we are also hopeful that Gen AI is also going to bring some level of efficiency gains there. These are not the AI gain is still not a proven point, but we have seen them at a POC level, and we expect yes in the time to come. That is going to add to the efficiency of the organisation and will help us to scale better.

Divyansh Gupta: Got it. I'll join back the queue. Thank you for your answers.

Ajay Mian: Thank you very much.

Moderator: Thank you. We'll take the next question from the line of Miten Shah. Miten, you can unmute and ask.

Miten Shah: Yeah, thanks for giving me opportunity, and congratulations for posting great set of numbers once again.

Ajay Mian: Thank you, Miten.

Miten Shah: Yeah, so my question is as you said, we are stepping into cybersecurity solutions. So, would it be a totally in-house team that will be serving

this sector, I mean this particular vertical? Or we would be taking the support from, say, other companies which are in this field?

Ajay Mian:

Clearly. So, one, that we will build this practice in-house. Now, to answer your question more completely. There are some existing people who have already been doing some work in there, but this practice by itself will not get built only from the existing people. We are working to bring more people to add to this practice, but ultimately, this practice will be something which will be an internal core competence that we'll bring to market and not just subcontract or engage with other providers.

Miten Shah:

Yeah. So, would it be fair to say that we'll be competing with the likes of TechInfosec or Lucidius per se?

Ajay Mian:

I don't necessarily know those companies, and pardon me for that. I haven't studied these companies so far. But, yes, anybody who is in the security space can be a competitor. But, well, in some sense, you can say that to begin with our existing customer base, gives us an opportunity to do more for them in this space. And then, of course, we will also spread out to other opportunities even if they are not our current customers.

Miten Shah:

Sure. And my second question would be, like I mean, definitely, we have posted a good set of numbers historically as well as the current one. But if I were to see the total lifespan, say about 20, 25 years of a company, why don't we see the needle moving, in terms of the top line. As of now, after almost two decades, we clock around odd ₹150 crores of revenue compared to any other IT services or consulting companies per se, which are at least clocking minimum ₹1,000 crores to ₹2,000 crores of revenue. Can we see any traction, or is it because of lack of acquisition of any inorganic acquisition? If you can please clarify that?

Ajay Mian:

So, is the complaint about the first 20 years or the complaint is about the next five years?

Miten Shah:

I mean, cumulatively, like we had almost two decades of experience, and still, we are clocking around ₹150 crores of revenue. Vis-à-vis any other comparison, which clocks minimum ₹1,000 crores or ₹2,000 crores of revenue. Definitely, we are growing year-on-year, but if you

compare with the peers, maybe listed or unlisted. So, when do we see the needle moving around there?

Ajay Mian:

The beauty about history is that you cannot rewrite it. Now we have this so we are not a typical IT service company. We haven't been a company which would send out planeloads of people to work at different locations. So, we have been very focused on doing what we are doing. There are things that we have started doing differently, and I think the way customers have started looking at us and the value that we bring also did changed around the COVID time.

The acceptance of this model, everything is sometimes everyone says that a time comes. And nothing is more powerful than something whose time has come. So even if we were doing the same thing as we are doing now before, maybe the acceptance in the market was not that much. But what we are doing right now, you'll see in the last now, like a little over two years, when we went for an IPO, we were at about ₹77 crores, ₹78 crores. This year, we are now just a shade under ₹140 crores. We are trying to grow and don't get me wrong. It doesn't explain in any or doesn't justify in any sense that, why we are not doing an acquisition or why we are not growing.

But the fact is we just need to do what we are doing well. We need to look at opportunities and we continue to look at. We do expect that these numbers will grow. Why it has not happened, why did we not grow like that in the first 20 years is a valid question, but I guess answering or giving details on that will be a little less productive in this meeting.

Miten Shah:

Fair enough. My last question would be, as we've seen in the presentation as well, a major revenue comes from the U.S. and Canada, which constitutes almost around 60%, 61%. So, what is the projection or traction do you see, considering some turbulence over the U.S. region, especially? As we also see in the presentation, there are very few customers that have been added this quarter. Is that an indication of slowing in demand because of this turbulence?

Ajay Mian:

Well, the turbulence is there, and there is no argument about it. How much will the turbulent impact us, is something that is not clear yet? If you see, we have added a lesser number of customers, but internationally, we have still added four. And for the full year, we have

had 24 international additions. So, 25% of the total international edition did happen in Q4. We have had and I think one of the most important things that has been happening is our participation in tenders and kind of getting shortlisted and even winning some tenders. So that is a change. We were not doing that earlier. We have brought that change in now, so that's an important initiative.

But if I try to kind of look into the prism and say that what impact this turbulence will have over businesses in the next one, two, three years. Well, my guess is only as good as yours.

Miten Shah: Clear. Thanks a lot. I'll chip in the line again, if I get time. Thank you so much. Really appreciate it.

Ajay Mian: Sure. Thank you.

Moderator: Thank you. We'll take the next question from Gaurav Didwania. Gaurav, you can unmute and ask.

Gaurav Didwania: Thanks for taking my question, and thanks for the great set of numbers, Dr. Ajay. I have couple of questions. So, the first one is, though we have seen a significant net profit growth YoY, and even when you compare it to quarters, for the last three or four quarters, the revenue growth has not been seen. It's been close to around ₹35 crores, ₹36 crores. So firstly, if you can give some insight on why that is and what can we expect over the next three to four quarters. Should we expect to see a high growth, or how would that be?

Ajay Mian: So, you see, sometimes, it is not that hard to pick up revenue. If you are willing to let the margins, go. A lot of companies in the Indian market have been doing that, and it's been hard at times to resist that temptation. We have, however, tried to be a little bit more sensitive towards it. We have also tried to drive that sensitivity more in our sales team that, look, we have to pick up projects and we have to deliver them profitably, but we don't have to spend a dollar to earn \$0.90, unless something is strategic.

And I'm not saying that we will never do it. The thing is that something has to be strategic. We don't want to buy revenue. Now, that's not to say that why have we not grown revenue quarter-on-quarter? Well, this is what the data is. We are looking at this data. We are obviously, trying

to see what can be done and what should we do to increase that revenue.

This is where the new Dubai operation comes into picture. This is where our new cybersecurity practice comes into picture. This is where our additional initiatives on the marketing front come into picture. So, this is a question and a very valid question which we are squarely faced with, and we keep trying to find an answer to that every day.

We keep making progress, and sometimes, these things might take some time. And you see, we are in a business where you cannot say that everything is there might be one odd project here or there can sometime make a difference. The most important thing, though, is that is there velocity? Is there momentum? And are we winning deals? Are we delivering successful projects? So if those fundamentals stay intact, the growth will come.

Gaurav Didwania: Got it. So, is there a number that you target, let's say, quarterly or annually that this is what we aim to do just like looking to understand?

Ajay Mian: Yeah. I mean, I have mentioned this in our past conversations also. Internally, we do say that we would want to target, let's say 20%, which we did this year. Last year, we had done more. So that's what we still keep as a target. We try and get there.

Gaurav Didwania: Okay. And second question, so you mentioned the 360 employees as of March, and then you've added a batch after that in April. Can you tell us what is the current headcount of the company?

Ajay Mian: It would be now about I think 375 or something like this.

Gaurav Didwania: All right. Perfect. That's it from my side. Thank you.

Ajay Mian: Thank you.

Moderator: Thank you. We'll take the next few questions from the chat. There's a question from Kamal Gupta, and he says, now we have started AI solutions. So how are we handling the chip imports as one day the curves are lifted and the other day its imposed? Do we have any alternative solution to address this?

Ajay Mian: I don't think, this is the question directly is not relevant to us. Chip imports or exports do not have much relevance specifically to us. Any curbs on that may, for example, increase the price of a laptop or any computing device and so on. But to our specific business, it doesn't have any impact. What does impact our business, though, is that AI is now getting infused in all application and all devices. So, we have to keep refining our solutions and our delivery models to just leverage the new technology that becomes available and see that how our customers benefit from it.

Moderator: Right. Thank you. There's another question from the line of Pratik Kothari. He says, congrats on the good set of numbers. His first question is that our revenue coming from America is almost 60%. Given the recent tariff issues and macro developments that is a reduction in credit rating of dollar, how is the business outlook for this country? Any risk mitigation measures needed in long-term business sourcing from USA?

Ajay Mian: Well, everybody has the same question and same apprehension, and my information is no different from the information that anybody else would have. It is an issue. Some of our customers do get impacted by it. For example, if there are companies that were in manufacturing and if they had significant import duties because of tariffs, whether they were importing from India or China or wherever else, they do get impacted and they do start rethinking about where should they invest, and what is their urgency. So, these things are there, but they are there for all types of industries, for all businesses, for all companies.

It is a little turbulent time, but this also can potentially bring benefits for us. The benefits because all companies need to get more bang for the buck. So, which means that they want to get more done from the investments that they make, which makes us interesting and attractive, for let's say, a U.S. company for whom if the other option is to just do everything locally. So how these two factors will balance out each other to what extent or what period of time is not something that we can clearly forecast, at least not in a short term.

But this is where you have to just keep doing the right things. That's why I started with this slide that it just revalidates, even though the times have been somewhat turbulent. But these numbers, there was nothing extraordinary that happened this year. There wasn't any large contract

that we signed or anything any windfall that we had, but we had these numbers just by doing the right things consistently.

Moderator: Right. His second question is with advent of all different GPTs, AI tools, does that impact or help our business? Can you share with help of an example or throw some light on this?

Ajay Mian: Well, absolutely. I mean, these are fairly defining moments in the development of, I would say civilisation. When you have something like this happening, you had this whole, when manufacturing got transformed early in the 19th century, and now then you had the whole Internet thing, and now you have this AI thing. So absolutely, it creates opportunity, then it creates challenges. And it is for people and organisations to see that how they leverage the opportunity then how do they get over the challenges.

We do not have the challenge of having tens of thousands of people many of whom will become redundant because of AI. We are a nimble team and as all of you in the call have seen that by keeping roughly the same headcount over the last many quarters, we have continued to increase our revenue as well as our profitability.

We have been fairly cognizant of that, and we have been attending to that, our DNA has always been that of a frugal organisation. We don't throw money, and we don't spend \$1 where it is not needed. So, because the business opportunities will grow, we will leverage these technologies to enable our people to become more productive and thereby becoming also competitive in the market.

So, these developments keep all of us on our toes. We realise that there are challenges, but we also see that there are opportunities. And it is for us to see how things pan out in the next one to three years.

Moderator: Thank you. We'll take the next question from Paras Chheda. Paras, you can unmute and ask.

Paras Chheda: Yeah, first of all congratulations, this has been excellent and given especially the kind of environment that we are in currently.

Ajay Mian: Thank you, Paras.

Moderator: Paras, we have lost you. Paras, your connection is little weak. You are breaking.

Paras Chheda: Yeah, so my question was that, given the new initiatives we've decided to participate in the tender, cyber solutions, etc., how confident we are as of now, and I know it's an uncertain environment, to continue growing 20%, kind of a growth on top line in the next couple of years. That's question one. And secondly, I was wondering whether just as a basic understanding whether AI, I understand it'll probably be useful to us to improve our operational efficiency.

So, on that, it could be helpful. But whether in general, it could be a headwind for us, in terms of growth. Just for my understanding, that second one.

Ajay Mian: Okay. So, Paras, the second question I had just answered that, AI, of course creates challenges and it creates opportunities, and we have to work on both. How this equation will ultimately settle, time will tell, but we have the advantage of not having too many people with us. We anyway have a small nimble team, and we work to make this team more efficient with the use of technology and training.

So, we are not that much concerned on this front because the business will grow and this growing business will require more output from our people. Now whether that output comes because of the people becoming more productive by usage of tools like of those which are available with AI or with more people or a combination of this.

It's two sides of the coin and we have to work on both sides to see how we keep moving. And your first question, how confident are we that we will grow at 10%?

Paras Chheda: 20%.

Ajay Mian: Yeah, 20%. So, you see, this is not how organisations are run. At Alletec, we are working towards building an institution, and institutions are built to last. Whether there is turbulence in a short period of time or there's a high growth in a short period of time, and all of these things will happen.

And if somebody thinks that we must always have growth every quarter, well, it doesn't work like this. But we have to keep working at it, and we have to keep evaluating and assessing the situation and working around it, there may be a time when we will grow more and there will be a time when we will grow less.

Now who amongst us, our side included and your side included, would have forecasted in the last quarter that we will have more profitability in this quarter. None of you and none of us, but it happened. Okay and I said that this happens only because you still have to do everything going by the first principle. Just do your things right. Do the right things, diligently, consistently. You may have setbacks, but in a mid to long period of time, you will only have positive results.

Paras Chheda:

Yeah. Well said. Just for better clarity in terms of the second question, well, I understand, AI will be useful probably and I think it will be useful to improve our operational efficiency, which means a combination of AI plus people. But my question really was from the business growth perspective, whether the increased AI penetration across the globe, whether that becomes a headwind for our business growth at all. I mean, just for my understanding of the business growth.

Ajay Mian:

See, I will tell you, what we see right now. If you look at the solution that we offer, that we bring to market, these are all mission critical solutions. AI is getting infused into ERP, but AI is not replacing ERP. You have now AI powered ERP, which makes some of the things more efficient.

You have AI powered CRM. You have for example in a different context, not necessarily in the context of a business, all these for example, these businesses who let's say make 10-minute deliveries. They're all Q-Commerce. These businesses are getting enabled by AI. But AI doesn't replace the stuff that we anyway need to consume. So similarly, the businesses still need to do what they are doing.

They will do it differently. They will do it more efficiently, and we have to keep aligning ourselves, with how the technology is changing and helping them gain this efficiency as the technology platforms keep evolving.

Paras Chheda: And understood. So, it's sort of a tailwind in a way if better incorporated in our scheme of things in general on AI?

Ajay Mian: I don't know, Rajiv, yeah, Rajiv, go ahead.

Rajiv Tyagi: No. I just wanted to.... not really. So, it is just not the operational efficiency that is going to be the advantage. As Ajay was mentioning, our business as usual will continue. It is not that we are not seeing anywhere that, that option of ERP or CRM is going to get impacted. But what we are seeing is on top of it, even with our existing customers, the adoption of the AI will definitely happen. So, there will be opportunity for providing more services to them, and that is where more offerings will get curated, which will be, so the existing processes and everything may get transformed, disrupted using the AI.

So, it is going to create more service offerings and opportunities. Important thing is it is not going to disrupt the business as usual. So, it is a plus-plus kind of a thing, not impacting or disrupting our existing business.

Paras Chheda: And is there any update on the acquisition thing? I mean of course, that's been there, but just as an update.

Ajay Mian: Well, the only update on acquisition is that we haven't done it till now. I can go into details of how many companies we have evaluated, how many engagements we have had. So, I can talk about all of that, but I think the bigger interest is whether it has happened or not happened, and the answer is that it has not happened yet. But the good thing is that we have cash with us. We continue to explore. We continue to expand our search, and the one impact of this whole turbulence has also been that many companies have kind of taken cover, and probably will become more lenient on some of these things, in the coming period. So, this is something that we keep working on, but we haven't closed anything yet.

Paras Chheda: Thank you, and best of luck.

Ajay Mian: Thank you very much.

Moderator: Thank you. We'll take the next question from Aastha Jain. Aastha, you can unmute and ask.

Aastha Jain: Hello, congratulations on a great set of numbers. I have two questions. First is related to the EBITDA margin, we have seen approximately 4% to 5% increase in our margins. Are these margins sustainable?

Ajay Mian: I think you have to, I will go back to what I just mentioned. You have to see where this margin comes from, and that will give you the answer whether it is sustainable. What has happened in the last quarter is that we had smaller product revenue. And if I break our revenue categories into four parts, product and services, domestic and international. So, our component of international services increased in the last quarter. The product and the domestic services did not grow or did not grow that much.

This resulted in higher profitability. Now as long as our international services keep growing, our profitability will sustain or improve. And if there is a reason why it declines, then it will not.

Aastha Jain: Awesome. Thank you. My second question is that we have entered into a cybersecurity solution. How would we differentiate ourselves from the existing players?

Ajay Mian: Our differentiation is going to be predominantly that it is going to be a consulting led engagement. If you look at that space, there are businesses who are distributors. So, they will basically buy from the OEM and sell to a customer and play on small margins. Our engagements are going to be consultative and we are going to look at end-to-end. So, we are not going to be like a vendor to a player A, B, or C. We are going to look at what the customer needs are and how do you fit in different components in the security solutions suite to provide him the needed cover.

So, this is going to be our differentiation. And, ultimately, I think the differentiation is in the quality of your execution. The differentiation is how the customer values what you are doing for him, and this is true for everything, be it in the case of software, be it in the case of hardware, or be it in the case of consulting, everywhere.

Aastha Jain: So, just to follow-up on the same thing that, since we will be consulting and what we have been doing in the business, we have been building

our own software on top of some other software. So, we will be doing the same and having an IP for cybersecurity solutions as well?

Ajay Mian: It is very much possible. I cannot say that we have today a contour drawn on it, but I think I'll be very surprised if that does not happen in the coming few years.

Aastha Jain: So, my last question would be, what is the project size? I mean for the contact centre solution; do we have any projects in hand?

Ajay Mian: Yeah. As I just mentioned in one of the slides that we started our first contact centre project for an insurance company in Canada. I'm not at liberty to kind of give details of it, but just to give you ballpark, these projects are over \$100,000.

Aastha Jain: Got it. Thank you so much.

Ajay Mian: Thank you.

Moderator: Thank you. We'll take the next question from chat from Nischay Mehra. What is the mix between on-site and off-site mix of employees?

Ajay Mian: Again, you need to understand our business. We don't work in an on-site offshore. We work on a project. If the project requires some people to travel on-site for some period of time, they travel on-site. Otherwise, the number of people who are permanently based outside of India is very, very small. So, most of the delivery gets, managed from India, by the people here. But when we require somebody to visit a customer in the course of the project, we will probably have somebody going from here. Or if we have somebody locally, then we send them from there. But you have to see it differently from how you see a typical IT services company who have X number of people on-site and Y number of people, offshore.

Moderator: Thank you. The next question from chat is from Arjun Agarwal. What are the current opportunities pertaining to cybersecurity in the Indian power sector?

Ajay Mian: I don't know. As I said, this is a practice that we are in the process of now building up, and we have started having conversations around it with our customers first. We are also in the process of building a team.

So, this is going to take a couple of quarters for us to mature. So, I wouldn't have all the answers to your questions on cybersecurity's opportunities in the power sector or some other specific sector.

Moderator: Right. Thank you. We'll take the next question from Vidhi Shah. Vidhi, you can unmute and ask.

Vidhi Shah: Good afternoon. My first question is, can I get a mix of how much percentage of revenues comes from product versus service? And secondly, I think in the earlier call, you had mentioned that, you're targeting to move more towards product versus service. So, this quarter, you said the EBITDA margins have improved because of more contribution from international service. Can I just know which of these contributes more to the margins, and what is the strategy you're looking for?

Ajay Mian: Again, you have to look at those four boxes product, services, domestic, international. Now on the product side, our margins are roughly the same in most geographies, other than one specific component of what is known as the MasterVAR programme that we run, which has much lower margins in India. But our highest margins come from our professional engagement with the international customers.

Now our product versus services, they continue to be in the range of 42% product, 58% services, it may change quarter by quarter by one or two percentage points here or there. But our highest percentage of margins is from the professional engagements and services that we deliver to international customers.

Vidhi Shah: Okay. Thank you. So, looking ahead, are we targeting to increase our revenues more from increase the share of services ahead?

Ajay Mian: Yeah. Absolutely. Any customer engagement that we get into, it brings in a significant percentage of that engagement is services.

Vidhi Shah: Thank you.

Moderator: Thank you. We'll take the next question from Rohan Mehta. Rohan, you can unmute and ask.

Rohan Mehta:

Thank you so much for taking my question, and congratulations on a great set of numbers. Firstly, on the FY '26 outlook, I wanted to understand what your qualitative outlook across your key verticals like ERP and CRM modernisation is as well as the recent venture into cybersecurity space. Also, while I may not see a quantitative target or goal, as a manager, how do you keep your workforce motivated to grow their operations, solve problems and as well as meet customer needs? Can you just throw some colour over there?

Ajay Mian:

Yeah. Sure. So, first of all, cybersecurity is just the new kid on the block. So, we know that it's a significant market out there. And for that reason, we have just decided to make some investments here. We will put an effort here. And as I said, it takes a couple of years to build any practice. The position that we have attained today, for example, in the ERP space is because we have been doing it for 25 years.

What we are doing on CRM is because we have been doing it for at least 15 years. So, everything takes time to build up, particularly if you are building a practice, but that does not mean that it won't start. But I'm saying for it to become substantial in size, where it becomes interesting for somebody like you to talk about. It will take some time. So, we just give some internal numbers for this unit to achieve. But in terms of operation, they will obviously go more from the point of view of where they find opportunities, maybe from existing customers, maybe in some partnerships.

But this an area that we are building up, because if you recall, I had mentioned that our growth comes from getting bigger wallet share from our customers, which means that do more things for them. And then it comes from geographic spread. So, take your core offerings to new customers and then increasing your offerings themselves. So, a couple of quarters back, we had added data engineering and AI to our set of offerings, so we continue to work on that. And now we have decided to add cybersecurity. It will be a couple of quarters or several quarters before we can really say that here is a strategy that we had put in place and now it works, right? Till then, you have to just treat it like the new kid on the block. So, we'll see it that way.

Now when it comes to ERP and CRM, these are two areas which everybody needs. And this need also it's not like one-time and done, because the business environment changes, the technology changes.

We had one family of ERPs, several years ago, and then it had to be transformed. We moved from ERP which were on prem then to ERP which are in the cloud. And then from ERP which are in the cloud, now we are moving to ERP which are also AI enabled. So, these are fundamental shifts, which kind of change everything in the industry.

As Apple said, change everything again. So, everything kind of changes again. So, the same thing is happening on CRM. So, these are things which all businesses are going to need, and they will at their own pace will start adopting the new tools, the new technologies because they need to compete in the market with others who are already using them. So, this momentum will continue and will strengthen.

Rohan Mehta:

Sure. Perfect. Next up, on the cybersecurity segment, I wanted to understand what has been the initial traction so far that you have seen, and by when can we expect this segment to contribute meaningfully to the revenues? Also, is this going to be more India focused or more America focused? And what kind of a margin profile is this business versus your present modernisation business?

Ajay Mian:

Well, I would say to begin with, if you look at the security business, some part of it is purely services, and some part of it is services and products. So, for some of our Indian customers, we have already started doing both. But for some of our international customers, we are currently only involved in doing consulting and strategy and planning, because then they buy products locally. So, this will evolve, because we will ultimately do these partnerships also in other regions.

We haven't had a lot of customers in this area, but we have had a couple. So, we have, for example, done some security solutions for the Indian operations of a bank in Asia. We also did it for another large company who is a large online portal for something. So, we did it for them. For many of our customers who use the Azure infrastructure, we now have pieces of security going in there, as a solution. So that's building up. It's too early for us to lay down a concrete number to it.

But I think in a couple of quarters' time, it will start contributing something this year. For sure. But will that be exciting enough or not? Possibly not this year, but possibly in the next year, yes.

Rohan Mehta: Got it. And lastly, I just wanted to ask if you could throw some light on the Dubai operations, The Middle East operations, and what sort of traction are we seeing versus the last quarter?

Ajay Mian: Sure. So, we did kind of win at least two projects in that region, in the last quarter, and those two appear in the list of six, that we had mentioned. There are some others that we are currently engaged in, and we are looking to set up that office with people and so on. So that will probably take another quarter.

Rohan Mehta: Got it. Thank you so much for patiently answering my questions and wishing you all the best.

Ajay Mian: Thank you very much.

Moderator: Thank you. We'll take the next question from Ravikiran Hegde. Ravikiran, you cannot mute and ask.

Ravikiran Hegde: Hi, congratulations on steadfastly progressing towards the goal. First question, I would have is, so some of which you also answered. On the cybersecurity offering, how are we planning to scale up? In terms getting in fresh talent, are we also planning to get in people who are very familiar with the cybersecurity control frameworks and so on so that you could especially from a consulting perspective, right? Not just people who are familiar with products, but who are core functional knowledge and experience in cybersecurity. Just some thoughts around that.

Ajay Mian: Okay. So, Sandeep, why don't you come in?

Sandeep Salman: I'll just answer this. We already are 27001 certified, and we are in the process of attaining our SOC 2 compliance. And we already have some lead auditors within the organisation. These people help us to achieve our certification goals within the organisation. However, to start this practice, and we already started some of the work in this practice, we have identified some people, senior level people who can lead this, and solution architects to run this practice for us.

However, the controls are set up within the organisation and now we fit this offering to other, to our existing customers we will talk about controls, SOC compliance and our ultimate goal as Ajay said that we

will be thinking about having a SOC that where we will make sure that we provide managed services to our customers.

Ravikiran Hegde:

Okay, thanks. On the AI front, in terms of building or specifically offering AI specific offerings to our customers, would we rely more on Microsoft core, AI offerings or would we look to are we planning to build specific AI related tools for the customers, especially from a Target segment, the medium and small cost client segment who are not very familiar or may not be very tech levy to building for.

Ajay Mian:

Let Rajiv address that.

Rajiv Tyagi:

I think in the wave one, for sure, we'll be aligning more with the Microsoft tech stack because Microsoft is much more used and available in all our customer segments, and both in the M365 space as well as the business applications. Microsoft already has the tools like M365 Copilots, and then there is a Copilot Studio, which we are going to use to create agents.

And these agents are now going to get and become more vertical focused for the different functions. So that is what we are doing. So, all our vertical solutions are going to become much more intelligent. We are going to have another battery of agents in our arsenal, which will be kind of our IP and that is what we'll be taking to the customers. But when we are taking it to the customer, what we have realised is customers who are not using Microsoft Dynamics or who are not our customers today, they may also be interested because it is product agnostic.

When I create an agent through Microsoft tool, it can still work with SAP, Oracle, or any other platform. So go-to-market approach would be to initially to focus on Microsoft because that is where we have competence and the skills. So, time to market will be the quickest.

Ravikiran Hegde:

Thanks. Very small question on the Q-o-Q numbers if I'm okay, or should I join back?

Ajay Mian:

I guess.

Moderator:

We will allow everyone else to ask questions. I would request you to join back. Since the time is extending, I would request everyone to just

stick to one, one question at this point. Pradyumna Choudhary, you can go ahead, please.

Pradyumna Choudhary: Yeah. Hi, thanks for the opportunity. So, my question was like the first one is regarding cybersecurity solutions. If you can just help me with, are we really going ahead on our own in this product or are we partnering with someone like till now, till date we've usually partnered with Microsoft for the products we want to implement for the client. Would that be the way for us to go ahead? And second was on the Q-on-Q numbers. If you can just, I might have missed it earlier. If you can just help me with why our growth has been quite flattish this particular quarter and like how are we seeing it going ahead?

Ajay Mian: Let me answer the second part first, and then I will ask Sandeep. Well, the growth has been flattish simply because we did not add enough new customers. And so, the question will be why did we not add enough new customers? There are times when you win a deal and there are times when you lose or then there are times when they go into no decision. And my guess is that the overall macroeconomic environment has been such which has retarded the pace at which some decisions have been made.

But if you just want to look at the data and understand why the reason out of the data is that we did not add enough new customers. Of course, December and January, as we have mentioned before were rather slow. And then as January came and we had the new regime, take over and I think there was a depressed sentiment with tariffs and wars and all of this.

When everyone thought that wars will be over, they really did not get over. All of these things and I'm not really an expert to say that why did these things happen or all of this stuff. At the first level, the revenue did not grow because we did not add enough new customers. Will the revenue grow? Yes. If we add more customers, it will grow. Are we working towards it? Absolutely. What are we doing about it? We are going to new geographies, and we are adding new offerings.

So, we are trying to do all of this, but the interesting thing of course also is that while the revenue did not grow, the profits did. And some of that stuff kind of, it's not such an easy equation to solve. As I sometimes say that if you have a single equation with a single variable, you can

easily find the answer. But you have these equations with multiple variables and multiple interdependencies, which are not so easy. But you just have to keep staying at it, pursuing it with rigor and vigor, and as long as you do the right things, you will get the results out of it. Sandeep, over to the security question.

Sandeep Salman: Yes. We would be partnering with, some of the biggest OEMs in the country.

Moderator: Sandeep, can you speak up a bit louder?

Sandeep Salman: Yes, we will be partnering with some of the biggest OEMs in the world. However, we'll start with Microsoft. Microsoft has got a complete set of security portfolios. We're starting from endpoint to the same solutions. So, we have started building the in-house expertise on that and we have also deployed these solutions at various customers.

To answer to you, in short is that, yes, partnerships are there. We are building some of the partnerships and we are working on Microsoft solutions too.

Pradyumna Choudhary: And are we at this point of time, comfortable naming these partners, given that we've already started implementing these for some of the customers?

Sandeep Salman: Yeah. I think a few we can definitely name. Microsoft is one of the main we have started working on. Then we have...

Pradyumna Choudhary: Sorry, your voice is a little less audible, could you speak a little louder?

Sandeep Salman: So, Microsoft definitely is the one. We have signed up with Sophos and CyberArk, for some of the solutions with these companies.

Pradyumna Choudhary: All right. Thank you and all the best.

Moderator: Thank you. We'll take the next question from Siddharth Matthew. (Inaudible) No, Siddharth, you are very faint. We'll ask you to come back in the queue. We'll take the next question from Arjun Agarwal. Arjun, you can unmute and ask.

Arjun Agarwal: Yeah. Congratulations on a good set of results.

Ajay Mian: Thank you.

Arjun Agarwal: I've got one question. Actually, I am newer to our company particularly, and I was just looking back at the quarterly results of year '22 and '23. And what I have observed is that Q3 and Q4 are more or less flattish. The same like as I can see in '22 and the last year also. So, is there any cyclicalities that is being, means is there any underlying cyclicalities with our business, if you can explain it?

Ajay Mian: There is and but some of these things have also been changing with time. I would say the cyclicalities used to be more pronounced during the times when people would buy software for on-premise deployment. It has reduced from the time they have started going to Cloud. But I think there isn't any strong one reason that I would say is behind it.

But I would say just an overall macroeconomic situation which has impacted the lesser number of customer engagements and wins and more indecisions or prolonged decisions. Rajiv, is there anything that you want to add? Or, Ritu, you want to add something to that? Rajiv, first?

Rajiv Tyagi: No. I'll say there are no defined cyclical patterns. In India, you may get in different regions, like when it is festival season in Bengal versus other areas or in December when people are going on holidays, decision making becomes slow. But not really. As you're mentioning now with the Cloud, these things are becoming much lesser because it is no more a very big CapEx decision. It is an OpEx call that they need to take.

Ritu Sood: Yeah, just to add. So, in other regions also, we do not see much cyclicalities other than depending on the nature of the industry our customers might be in.

Arjun Agarwal: Okay. Thank you for this. If I may ask you just one question, a small question. In the power sector, are we offering any product that is helping to build these renewable plants? So, if you can help me understand what we are doing over there.

Ajay Mian: Rajiv?

- Rajiv Tyagi:** In the power renewable area, we help the customers who are setting up renewable energy projects. So, our solution helps them to set up that project end-to-end. And then when it gets commissioned, then obviously the invoicing and the maintenance part is taken care of.
- Arjun Agarwal:** Okay. Thank you. That will be from my side. Thank you.
- Moderator:** Thank you. And since that was the last question, Ajay, I request if you have any closing comments.
- Ajay Mian:** Yeah. Sure. So again, thank you everyone who joined us today on this call. I just want to recap, what I started with. This quarter and this year, if you may see, there is nothing extraordinary that happened which helped us increase the revenue, the profitability. It was just doing the same thing, the right things, the right manner. Will it keep going this way? Well, we will keep working to keep it this way and do more.
- But we are in a business which does get impacted by global macroeconomic situations, but we also keep taking countermeasures by increasing our geographic spread and our set of offerings and we will continue doing this. Building Alletec is building an institution. It is not building a machine where we are only looking at some way of doing like a one-off kind of a thing. So that's what we are working at, and we will continue working at it this way. Thank you very much.
- Moderator:** Thank you. Thank you to all the participants for joining the call and thank you to the management. This brings us to the end of today's call. Thank you. We will end the call.
- Ajay Mian:** Thank you.
- Rajiv Tyagi:** Thank you.