

Date: 28th February, 2025

To, The Manager-Listing Department, The National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G-Block, Bandra Kurla complex, Bandra East, Mumbai-400 051 Trading Symbol: DEVIT	To, The Secretary, BSE Limited Phiroze Jejeebhoy Towers, Dalal Street Mumbai -400001 Trading Symbol: 543462
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Subject: Transcript of the Earning conference call of Q3FY25

Dear Sir/ Madam,

We are submitting herewith the transcript of the earnings conference call for the 3rd quarter ended December 31, 2024, conducted on February 24, 2025.

The above information is also available on the website of company at <https://www.devitpl.com/investor-relations/investor-news-and-notice/analysts-or-institutional-investors/>

This is in due compliance of applicable regulations of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

Kindly take the same on your records.

Thanking You,

Yours Faithfully

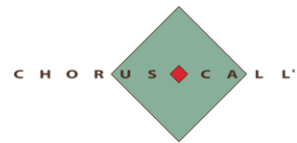
For Dev Information Technology Limited

Krisa Shah
Company Secretary and Compliance Officer
Place: Ahmedabad

Encl.: as above



“Dev Information Technology Limited
Q3 FY '25 Results Virtual Conference Call”
February 24, 2025



**MANAGEMENT: MR. JAIMIN SHAH – MANAGING DIRECTOR AND CHIEF
EXECUTIVE OFFICER – DEV INFORMATION
TECHNOLOGY LIMITED**

**MODERATOR: MR. SAI – KIRIN ADVISORS
MS. CHANDNI CHANDE – KIRIN ADVISORS**

Sai: Ladies and gentlemen, good day, and welcome to Dev Information Technology Limited Q3 FY '25 Results Virtual Conference Call. From the management team, we have Mr. Jaimin Shah, Managing Director and CEO.

Now I hand over the call to Mr. Jaimin Shah to provide a brief on the recent quarter. Over to you, sir.

Jaimin Shah: Thank you. Thanks, Sai. Dear all, good evening. On behalf of Dev Information Technology, all ladies and gentlemen, I welcome you all. I extend my warm welcome to all of you who have joined us today.

Before discussing the company's performance for Q3, third quarter for FY '24-'25, I would like to provide a brief background and brief overview of Dev Information Technology. Dev IT, as we popularly known as, established in 1987. We are ISO certified as well as CMMI Level 3 compliant company. Dev IT has grown into one of the key players in the IT service sector, and we proudly say that we are an end-to-end IT service company.

The company is listed on both the exchanges, NSE and BSE, in India, and company do have our presence in Canada through the Info-Tech North America Limited. We offer comprehensive suites of services, including cloud services, digital transformation, enterprise applications, managed IT services and application development, including blockchain.

Dev IT has also developed innovative solutions such as Talligence, which is an AI-powered analytics platform and ByteSIGNER, a digital signing solution, which has been designed to enhance operational efficiencies. With a strong focus on cybersecurity, the company has continued to expand its services offering in threat management, security, operation centers and cloud securities.

During Q3 FY '25, our company continued to strengthen its business operations and expand its market presence. Dev IT secured key enterprise contracts from U.S.-based clients, not only in digital transformation, but also into cybersecurity, reinforcing its global reach by way of acquiring these orders.

In addition to acquisition of 100% stake in Dhyey Consulting Services, a company specialized in Microsoft Dynamics 365 and Power Platform solution, which will strengthen the company's capability on extremely growing and demanding ERP and CRM market in India as well as in North America and other country market.

Dev IT has also recognized with the Best MSP award in the IT as a service category at Star Award Nite 2024 hosted by VAR India in New Delhi. The company secured approximately INR1 crore worth of orders from Bhavnagar Municipal Corporation and received multiple contracts across industry, including IT infrastructure enhancement, public sector modernization, data analytics and digital transformation. Dev IT holds more than 25% stake in its promoted company called Dev Accelerator Limited, popularly known as DevX, which is currently valued INR400 crores.

The company's financial performance in Q3 and third quarter FY '25 demonstrated a steady growth. On a consolidated basis, as I also mentioned in my previous results calls, we are focusing more on growing our bottom line and that is also appearing in our Q3 results. The company stood -- Q3 FY '25 total income stood at INR48.15 crores, reflecting a 50.61% year-on-year growth. EBITDA increased to INR3.44 crores, reflecting a 28.56% year-on-year growth. While the net profit grew to INR1.82 crores, marking a 6.19% year-on-year growth. Earnings per share improved to INR0.79 in third quarter. For FY '25 third quarter, total income increased to INR132.13 crores compared to INR121.15 crores in FY -- third quarter last year.

EBITDA rose from INR8.58 crores to INR20.73 crores, and the net profit increased from INR5.19 crores to INR13.65 crores in this current third quarter, which shows that we are leading towards what we have targeted for. On a stand-alone basis, Q3 FY '25, total income stood at INR42.85 crores, registering a 38.32% year-on-year growth. EBITDA increased to INR3.72 crores, marking of 44.04% year-on-year growth, while net profit stood at INR2.06 crores, reflecting a 24.95% year-on-year increase. EPS for the quarter improved to INR0.95.

We are looking ahead, the company's remaining focus -- we are looking forward our focus, which remains especially to expand our service portfolio, strengthening our global footprint and also strengthening our India market footprint as well. We are also very committed to leverage technology also to expand our AI/ML, cloud, blockchain-based and cybersecurity services locally and globally

With a strong order book, strategic acquisitions and continued innovation, Dev IT is well positioned to capitalize an emerging opportunity and also going to become a strong IT player in SMB sector. The management remains committed to operational excellence, customer-centric solutions and strategic partnership to enhance company's market position and also to strengthen our philosophy, people first and business always.

Thank you all for your patience hearing. Now I'm open for any questions you may have. Thank you.

Sai: Dear investors, the floor is now open for question and answers. If you have any questions, kindly raise your hand and I will allow you to unmute yourself so you can ask the questions. You can also write your questions in the chat box. Mr. Navneet Singh, you can go ahead.

Navneet Singh: So actually, I also joined the previous con call. So I will be continuing from my previous queries itself. So last time I had a query related to the guidelines. So there were a few new initiatives that were planned for December quarter related to Microsoft partnership and all, and I asked related to that do we have any guidelines pertaining to the new partnership that we are having? And how do we see down the line for the quarter from now how it will grow?

Jaimin Shah: Thank you, Navneet-ji. And as I told you last time that we are committed, and we are also planning to have AI center of excellence on Microsoft Technology and that is underway. I think within a couple of months, we'll be announcing and inaugurating the center of excellence on AI not only with -- on Microsoft technology, but as you mentioned in your talk -- question that new

partnership. So we recently became a IBM Watson, which is IBM's AI platform, a partner so that in this particular COE we'll be having the Microsoft technology as well as IBM technology.

Navneet Singh:

And do we have any revenue guideline for this financial year in Q4 and next financial year on these 2 partnerships?

Jaimin Shah:

As far as AI is concerned, see, we are a Microsoft partner since last 27 years. So -- and that is how to strengthen our service capability we have acquired Dhyey Consulting Services so that we can add ERP suite as well as we can strengthen our services. So we are already Microsoft partner and that business is already growing. Especially for AI, market is currently new. So we don't see any significant AI business by end of this March.

Sai:

Investors, once again, if you have any other further questions, kindly please raise your hand after which I will allow you yourselves to unmute you and you can ask the questions. Sir, we have a question -- we have questions in the Q&A chatbox. The first question we have is from Raj Gandhi. He asks, can you provide insights into the key drivers behind the 51% year-on-year growth in consolidated total income for Q3 FY '25?

Jaimin Shah:

Yes. So thank you, Raj, for the very important question. As I mentioned in my previous calls that our focus is to strengthen new-age technology and that too not just limited to AI, but also cybersecurity, blockchain and data analytics. So we are strengthening these services not only in India market, but also in overseas market. And that is how we have closed a couple of cybersecurity deals, which we have announced on exchange a couple of -- last month. So that's another -- that's 1 parameter.

Another one, in India market, we are also pushing and lots of awareness in India business, how to use data analytics, how to use cybersecurity and how to improve, how to use data for future forecasting. And for that, we have got a few orders. And last week, we got order from Rajya Sabha and couple of days back, we got an order from Lok Sabha as well.

These are the marquee customers, I'm referring. But these are the, you can say, parameters, which are growing very fast and which is also giving significant amount of business in our Q3 business, which we have already done. And that is what we are also forecasting the same line of business and growth for the current quarter, which is Q4 as well as for next financial year.

Sai:

Okay. So, we have the next question from Mr. Lakshman Dubey. He is asking what is government contribution to revenues reported till date and in order book?

Jaimin Shah:

Okay. So let me pull that data first. So government revenue, as I told earlier as well, it's around 60% to 65% of our India market. So in total balance sheet, government revenue is less than 60%. And we have really good significant order book for next financial as well. And exact amount currently I don't have as far as government order book is concerned, but it is near INR25 crores to INR28 crores.

Sai:

Okay, once again investors if you have any further questions please kindly raise your hand after which I will allow you to unmute yourselves and you can ask the questions. You can also write your questions in the chat box. So, we have a question from Ananya Swaminathan. Sir, she's

asking: The company recently expanded cybersecurity services with advanced solution, how do you see the vertical contributing to future revenue?

Jaimin Shah:

Thanks, Ms. Swaminathan. As I mentioned in my speech that one of the key service component is cybersecurity, and we have established SOC, security operational center, for India market as well as overseas market. And as soon as we announced that deal -- that business line within 60 days, we got a significant order from one of the data centers provider company in U.S.A. to manage their SOC from India.

And we see really a great outcome. Recently last week, I was, along with my team, attended one of the leading managed service partner even called MSP Expo in Florida. Now trend is changed. So instead of MSP, now people are talking about MSSP, which is managed security service provider. And we see really good traction and we are really going towards where industry is going. So I'm fortunate that my shareholders and my company, they have allowed us to introduce the cybersecurity and invest into SOC so that we can expand that market significantly.

Our forecast for next year is really high as far as cybersecurity business is concerned. In terms of manpower, if I say, we have around 20-odd people. We are expecting that this 20-odd people will be multiplied 4x to 5x in next financial year. And our focus is to have more and more strategic collaboration in North America market so that the cybersecurity where need is extremely high and there are not that much crowded service segment will be really doing good.

I am also very excited about India market as well because as we all know, that India market and India enterprise and SMB segment is also growing very high in terms of their IT penetration. And we get really good response from our domestic market customers, which are enterprise as well as SMB segment, but also government PSUs, they are also implementing cybersecurity, and we are expecting really more than double growth in next financial year.

Sai:

Mr. Jagrut Bhavsar, you can go ahead and ask your question.

Jagrut Bhavsar:

Any stock split date finalize or not?

Jaimin Shah:

Yes. Stock split date is finalizing. For that, we are going to have our Board meeting. All those back-end formalities for stock split because issues regarding fractional stock, what to do about those fractional stocking for that agency and everything is being finalized. So our expectation and our target is to complete that process before March end.

Sai:

So, the next question we have is from Mr. Dhaval Shah. He's asking what is the contribution of cybersecurity and cloud services to the company overall -- company's overall revenue mix?

Jaimin Shah:

Okay. As far as cloud and cybersecurity is concerned, its total portion is around, you can say, 55% to 60%. And as far as only cybersecurity is concerned, as it has been introduced in last quarter in December itself, so that is not significant as far as contribution is concerned. But roughly, we can say it's around 3% to 5% of our total revenue.

Sai: So, the next question we have is Mr. Raj Gandhi. He's asking the EBITDA margin expanded both on a consolidated and a stand-alone basis, what were the major contributing factors to this improvement?

Jaimin Shah: So that is EBITDA and net profit, that's our main focus for at least next 2 years where we want to increase our profitability and EBITDA as compared to what we have in last few years. So in terms of contribution, what we have decided we are focusing more on cutting-edge technologies like AI/BI, cybersecurity, cloud where we can get really good margins. We have also cut down our bench resources so that our profitability increase. And we have started focusing more as far as Indian market is concerned, where we have good profit margins.

Sai: The next question is from Mr. Ajay Gupta. He's asking, any international client addition in this quarter on planning in the upcoming quarter?

Jaimin Shah: Yes, international business is one of our core focus. If you all recall, our -- we have set our goal for next couple of years, and one of the goals was to increase our international market and our physical presence. So by way of acquiring Dhyey Consulting, we have also have our on-site presence by way of having Dhyey's subsidiary company in Texas.

So we'll be having our physical people under Dynamic Star, which is a U.S.-based entity of Dhyey, and also increase our cybersecurity in AI/ML -- AI/BI businesses so that 2 things will be achieved by having this -- our physical presence; one is profitability and second one is we want to remain near to our customers.

Sai: We have the next question from Mr. Siddharth Upadhyay. He's asking, are there any new geographic expansions or international client acquisitions planned in the near term?

Jaimin Shah: So client acquisition is one of our focused business, and I forgot to mention it in a previous question that we are adding clients -- international clients, at least two to three clients every month. As a majority of clients, they are signing NDA and NCA with us, so we are not able to announce it to our shareholders.

But that one is our main focus, and that is how from management side as well as from our leadership side, we are going to North America at least once in a quarter so that we can exhibit or we can participate in leading events and also meet our customer physically and acquire more and more customers until we don't have our physical presence in U.S. or in Canada. We are talking to a few at least two to three companies for strategic collaboration or some kind of acquisition.

Sai: Mr. Navneet Singh, you can go ahead.

Navneet Singh: Yes. So I have a follow-up question. So in last two quarters, there is a dip in promoter's shareholder. So is it any specific reason?

Jaimin Shah: Yes. So we have sold a fractional, very negligible shareholding. Two thing that if you all recall that we were supposed to dilute our stake by selling to LT1, and it did not happen because of

their inability to fulfill the agreement. And we also wanted to acquire and invest a company as well as invest into future development.

So what we have done, we have diluted some amount of our promoter shares and a majority of that fund is reinvested in the company from promoter to our group companies so that we don't have to bring money from outside and we don't have to rely from other sources.

Navneet Singh: Understood. And as you have said that we have started a few new or new age technology services. So what do we see the normal operating margin on this? So even if you could give some colors to it in comparison to the current margin, that would be great?

Jaimin Shah: So Navneetji, a couple of things, it's not just only margin, but also a crowded market. So in normal IT services, now as we all know that market has become crowded and if we don't provide any cutting-edge technologies like AI/BI like cybersecurity, we have to be on toes to retain those clients.

And one of our biggest strength is to we have extremely low attrition in terms of clients as well as in terms of employee. So to add more and more cutting-edge solutions, our idea is to have at least 30% to 35% gross margin by introducing this at least three services, AI/BI, cybersecurity and blockchain so that we can increase our EBITDA as well as our net profit.

Navneet Singh: Understood. So there has been a few new order that has been declared are like a big order on cybersecurity somewhere around last month. And in this month also, there are new orders. So when do we see the revenue from these orders? Do we see somewhere around Q1 of the next year or are we expecting it in Q4 of the current financial year?

Jaimin Shah: So this, as far as cybersecurity order is concerned, implementation stage is going on. So we'll get a portion of the income of that order in Q4 current year itself. As far as new two orders are concerned, again, that also will reflect in our Q4. So all these orders are not futuristic orders, they are orders to the date where we have to execute those orders in 45 days.

Navneet Singh: Understood. And all the best for next quarter and down the year.

Jaimin Shah: Thank you.

Sai: We have a question from Mr. Ajay Gupta, in the chatbox. He's asking, will you be expanding into new industries in the upcoming quarter?

Jaimin Shah: Okay. So thanks, Ajayji, for the question. What we have also identified that as far as our strategic focus is concerned on AI/BI; Microsoft technologies, which is ERP; and cybersecurity, we have identified a few industry verticals. In India, as you all know that, we are very strong into e-governance market and now we have added that we'll be focusing more on manufacturing and engineering side, chemical and pharmaceutical side, retail and logistics side.

Sai: So the next question we have in the chatbox is from Mr. Swaraj Singhanian. He's asking how do you expect the DevX IPO to impact Dev IT's operations or financials, given that DevX is a subsidiary company?

Jaimin Shah: So as you all know that we are one of the biggest shareholder of DevX and Dev IT is the promoter of DevX, and I have also announced and briefed all the shareholders and investors during my previous call that we will be diluting small fractional shareholding every year so that my shareholder -- Dev IT shareholder can get value recognition of the valuation -- new valuation of DevX.

So that remains intact. Only thing that it will be linked with the lock-in period of SEBI once DevX will be announcing their IPO. So we are extremely vigilant as well as excited about DevX is progressing more and that is also resulting into more and more value addition to our Dev IT investors as well as Dev IT as a company.

Sai: We have the next question from Mr. Ajay Gupta. He is asking how are our payment terms with government as well as margin on government contracts?

Jaimin Shah: Okay. So thanks for the really good thing that the government is improving their payment cycle, but still, our payment we are getting from 60 days to 100 days of payment cycle. Though we have a payment cycle in our contract is around 45 to 60 days, but this is a normal thing.

And I'm so happy that since last 27 years, we are working with government. Government has also improved a lot in terms of paying their IT vendors and that is significantly reduced their payment cycle. As far as margins are concerned, as I told earlier that we are focusing more on those contracts where our margins are kept. So we keep at least 10% of profit margin in our every service contract from government.

Sai: Sir, the next question we have in the chatbox is from Mr. Chaitanya Deshpandey. He's asking, are you seeing any shifts with customer demands or technological trends that could impact the company's offerings?

Jaimin Shah: Thanks, and that is how we see real demand. As far as India market is concerned, enterprise and SMB market, they are asking more and more solutions on ERP, they are asking more and more solution on BI. Still, AI is not that much prominent in industry because their data are not centrally managed, their data is discrete, and that is how BI is playing a major role, and we see a significant demand into ERP and BI side.

We are also seeing really good traction in cybersecurity side, where a company -- each and every company, they are demanding as far as cybersecurity is concerned. And another one is digital transformation where people wants to move away from their traditional application to the test application, which includes BI capability.

So these are all industry trend locally as well as globally. And fortunately, we have a strong team as well as a partnership with a company like IBM, company like ServiceNow and company like Adobe, where we can able to fulfill our clients' requirement.

Sai: We have the next question from Ms. Diya Patel. How do you see the AI automation and cloud computing trends shaping the company's future offering?

- Jaimin Shah:** So cloud computing is need of an hour. People are really positive and as we all know, all the IT companies, they are moving their services to cloud technology. Cloud is not just on public cloud, but private cloud is also increasingly -- increasing in the public -- nongovernment businesses. As far as AI/ML is concerned, this is as far -- it is really growing very fast.
- As I told earlier, that people are right now talking about AI and then have a high need and that is how ChatGPT kind of application which has been utilizing a few of our solutions to our overseas clients as well as India client and Microsoft's AI technology as well as IBM AI technology will give a lot of cutting age growth in coming days, but currently, if I may say that AI is currently premature if I can say that, that won't be a significant contributor in our service revenue.
- Yes, we have to be ready, and our expertise has to be there as soon as companies are through with their data centralization, data standardization, AI demand will be increasing and implementation of AI become very easy. So this is a journey which has started and this particular journey is really growing very fast so that within a year or 2, AI/ML will implement heavily and that will also contribute heavily into our service revenue.
- Sai:** Mr. Navneet Singh, you can go ahead if you have any more further follow-up questions.
- Navneet Singh:** No, I have already asked. That is all from my end. I forget to lower my hand, my bad.
- Jaimin Shah:** Okay. Thank you.
- Sai:** Since we have no more further questions, I think we'll end the meeting here.
- Jaimin Shah:** Thank you. Thank you all for the participation, and thanks, team Kirin, Sai and Chandni for your support. Thank you.
- Chandni Chande** Thank you, sir. Further, investors, if you have any queries, you can write to us at research@kirinadvisors.com. Once again, thank you for joining the conference.