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To

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**Subject:** Transcripts of Investor Con Call dated February 29, 2024.

Ref: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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Dear Sir/Madam

Pursuant to the abovementioned Regulation, please find enclosed herewith the transcripts of the Investor Con Call held on February 29, 2024.

You may also find the transcripts on company's website at <https://www.ksolves.com/investors>

This is for your information and records.

**For Ksolves India Limited**



**Manisha Kide**  
Company Secretary & Compliance Officer



## **Ksolves India Limited**

### **Q3 & 9M FY24**

## **POST RESULT CONFERENCE CALL**

### **Management Team**

Ratan Srivastava - Chairman and Managing Director

Manish Gurnani - Chief Technology Officer

Umang Soni - Chief Financial Officer

Kirti Sharma - Business Development Head

#### **Call Coordinator**



Strategy & Investor Relations Consulting

## Presentation

### Moderator:

Ladies and gentlemen, good evening, and I welcome you all to the Investor Conference Call of Ksolves India Limited. Today on the call from the management we have with us Mr. Ratan Srivastava, Chairman and Managing Director; Mr. Manish Gurnani, Chief Technology Officer; Ms. Kirti, Business Development Head, and Mr. Umang Soni, Chief Financial Officer.

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 detail us about the business, performance highlights for the quarter that went by, the growth plans, and the vision for the coming year. Post which we will open the floor for Q&A. Over to you, sir.

### Ratan Srivastava:

Thank you, Vinay. So good evening, everyone. First of all, Vinay thank you for doing all the arrangements for our first concall. So this is our first concall. So I can understand that investors are here to know about us and about the business and about the numbers. And as part of my understanding that as I stated that this is our first call, so in first part, we will divide this concall in two part or three part I can say. That first part, we will focus on what we do, what is our business. Second part, we will cover the numbers and third part, the question answer.

So now we are going to start from the why Ksolves? Manish, can you go to the next screen? Okay. So we have around 490 people and we are listed on NSE and BSE both three and a half years before. We are Odoo Gold Partner. We have a partnership with the AWS. We have partnership with the RedHat. We have partnership with the Salesforce. We are a world partner of Salesforce also. This year, we have awarded by Nasscom, by Dun & Bradstreet, and then the most prestigious award we have got by the ET, the MSME year of the award. And then we are CMMI3 certified company. A part of this, we are ISO certified also. Manish, go to the next slide.

Now I'm coming to the business strength and strategies. Business strategies, first thing is that, the revenue from multiple geographics, we are not, I can say that depend on one country. We have a business from so many countries. We are covering most of the business from the North America, Europe and a few other countries. We have

experienced, promoters and management expertise. In Board, we have people from the prestigious colleges, and they have experience and they have a great experience. And our management, for example as CTO, he has a vast experience in technology.

Customer satisfaction, I can say that customer satisfaction and revenue from longstanding customer relationship. We have so many customers who are working with us, since long time, and few of them are even working with more than five years, six years, okay. And we have, I can say that the business is diversified across several verticals. We are not dependent one vertical. Scalable business model we have. So this is our strength and strategies. Next screen, Manish.

The optimal utilisation of the resources. So we always try to increase the utilisation of the resources. How we can add skills so that we can get a better rates from the customer. We try to invest in infrastructure and the technology. For example, we are focusing on the AI/ML, and the Generative AI, which is right now, every customer is asking for the AI/ML developers. We focus on the efficiency. Efficiency means how we can increase the output from the developers and it happens. It is possible only when we provide them a proper guidance and proper training.

Expand our current business relationship. We do regular calls with the customer, existing customers. So to know that if they have any other requirement, if they are planning for expansion and they are looking for other vendors and they don't know that we have that capabilities. We try to attract, develop, and retain highly skilled employees. I can say that this is the most benefit, we have received. We have got after launching the IPO when we made this company public. Now we can get easily good skilled employees or skilled freshers from the reputed colleges, because we have now brand. I can say that this is the additional benefit or the main benefit, when we became the public. Next, Manish.

Way forward? How we are looking the way forward? Definitely hybrid delivery model. After Corona, I can see that people are not very much interested to come daily office, but definitely they are coming 2x to 3x in a week in office. And flexible model means they are coming by 10 o'clock or 11 o'clock in the morning, and they are leaving by 4 o'clock in the evening so that they can avoid the traffic. But this is the hybrid delivery model. Some people are working from the home. If they are experienced people, then we are giving them this liberty, but definitely we are not compromising with the quality.

And I can see that benefit of this hybrid delivery model is directly reflecting in the output. They are giving us better output because they are getting the flexibility. We are targeting the enterprise customers so that we can get long-term projects, long duration projects. We are trying to maintain hyper revenue growth path, increasing revenue per employee. As I stated in the last sheet, that in by changing the technologies, from one technology to another technology, and definitely technology should be evolving. Then in that case, we are able to increase the revenue per employee.

Product innovation, we have invested our time and energy to develop some products also. In Odoo, we have developed so many products, and one of the product is very successful. And that has generated around ₹1 billion revenue in last three, four years. And also, we have developed one application, a big application is Salesforce. For that Salesforce application, Salesforce has invited us for events so that we can showcase our capabilities. We are attending the webinars, events now, okay. We are spending money to attend the events. We are sending our people to other countries or other states even in India to attend the events for the branding, and I can see the direct impact of this event participation. Recently, we have done one event for AI/ML and we can see that queries are coming. Okay. Next, Manish.

Growth drivers, I have already explained you the increased utilisation, smart investment. As I said that smart investment means, some product development, hiring resources, maintaining always bench so that we can provide resources if we are getting any new requirement from the customer. Tech partnership, I have already explained you that we have a multiple partnership, with so many customers like RedHat, AWS, Odoo, Salesforce. Client relationship, I have already explained you. Next, Manish.

Ksolves has developed the performance testing new vertical, the last quarter and I can see that right now definitely, we are trying to convince the customers that why performance testing is important for their product. Performance testing means the load testing. How much any application can bear the load, bear the traffic. So this is very important when, application grows. Next, Manish.

Ksolves' capabilities, testing, experienced experts we have. We have industry leading tools and methodologies. Our support is excellent. Our data driven insights and recommendations, we have agile and scalable approach. Next, Manish. Umang, can you explain this?

**Umang Soni:**

Yeah. Thanks, Ratan, and thank you everyone for joining the call. So as you all know that we are a very shareholder friendly company, since listing. And in the recent financial year '23-'24, we have paid around ₹14.50 per share as interim dividend, and which roughly comes around to ₹17 crores, ₹18 crores. And if you see our sales growth, yeah, we have maintained a good sales growth from ₹55 crores of last nine months of FY '22 to ₹78 crores in current nine months. And same goes with profit also. ₹17 crores profit was in last nine months of 2022. And in current nine months from April to December, it's ₹24.76 crores. So roughly, we have maintained a 40% year-on-year growth in sales and net profit. Manish, next slide.

And now coming to dividends, so yeah, we have been a high dividend paying company and we have paid around 90% of our free cash flow as dividend to our shareholders. And as a percentage of EPS, we have paid around 74% of our EPS as dividend to our shareholders. And you can see the ratios here, ROE, ROCE, all these are industry bidding. Next?

Now coming to geographical presence, so we have presence all over the globe. Our clients are majorly situated in North America, Europe, Australia, and India. So if you basically divide between export and domestic, so it's come around roughly around 81.5%, which is our export sales, and 18.5% roughly comes to our domestic Indian customers. And out of that, major focus of an international business is in North America, which comes to around 66%, and Europe comes to 7.5%. So that's roughly bifurcation of our revenue based on the geography. Ratan?

**Ratan Srivastava:**

So we are, you can say that the service-based company, our revenue is coming from the services 97%, and from the products we are getting 3% revenue. And in future, even I can say that we will be majorly focused on the service-based company as other big giants are focusing on the services. Definitely, we will develop some products, but it will just to train our existing resources to migrate into the new technology and maybe sometimes it will help us to generate some revenue. But yes, the major focus will be the services. And services is divided in two part, development and consulting. So development means, suppose if any customer has existing product, then we start direct from the development. And if suppose any customer is coming from the scratch, he has a requirement, but he does not know that how to do this and what technology he should do.

Then in that case, we start from the consultant and then consulting, then we provide them the development also. In product, we have managed services, we have Odoo and we have Salesforce. Next? Technology verticals, Manish will explain you.

**Manish Gurnani:**

So to start so we are highly focused on two niche areas of technology, specifically AI and Generative AI. People other companies might have started looking into this, but we have already developed solutions onto this. For example, for Generative AI, we are working with a very major Fortune 500 client to Telecom, and we have built with them, intelligent ChatGPT like solution, which can help them in managing their site operations. So the challenge is that when you set up these sites, you have these heavy manuals that technician needs to go through.

What we have done is we have come up with a solution wherein all those different type of document, those different manuals, they are fed into a ChatGPT like model, and that model now can behave. It can answer any technician's queries. So this is one of the biggest use case for Generative AI that we have recently delivered. And the other one, again for Generative AI only. So this is again for a very major manufacturing company, which is into fluid management. So what it's an industry leader. So what we have to know what there is, so when they build these heavy machines, these machines internally have smaller parts.

All those parts need to be quality controlled. Then they need to verified that the that is all correct. So all those quality reports, they need to be verified. This is all being done manually so far. This was all being done manually. What we have done is we have worked with them, and we are coming with a solution which will do this automated by Generative AI based models. So you have a quality test report. You use that report. You feed that report to that model. That model will read that report. It will sort of understand what that report means. And based on the answer, it will say that this quality report is passed or not.

Then coming to another use case, for AI, this is again for a very major telecom giant, telecom company that we have done. For them, what we did is to we have built them a solution which can auto detect any modem before it is about to fail. And we have implemented that solution as a very nice dashboard, which shows which areas can have some problems. So now the technicians can proactively look at that dashboard, and then they will know where the problem can happen. So

this is a predictive plus, prescriptive AI solution that we have developed for them.

**Ratan Srivastava:** Prediction and prescription.

**Manish Gurnani:** Right. Then coming to another major area that we have is for Big Data. So for Big Data, we are working on for one of our very big European customers. And we have used Apache and NiFi, an open source technology to move terabytes of data across different type of databases. These database could be SQL, could be NoSQL. We have developed custom processors, which do all of this job for them.

Then for another so for, we also worked on a government project, wherein we built a microservices based solution, which can manage close to 120 million users at any time. So we have built, Ksolves has developed that portal for government, and that portal is able to take a load of close to 110 million to 120 million users. This is all very high end technology.

Another area that we have worked with the government on the same project was, so they needed to process close to millions of different type of documents. So they are close to different, they are almost 30 to 40 different categories of document. So earlier, what was being done was that you have to create a separate process, separate flow for each type of document, where you had to create 40 different type of flows in Big Data to manage those different type of documents.

We work with them, and we have designed a solution which is built on Big Data technology called Apache Spark, which allows them to, so now it has been built like an engine. You do not need any more if you have any form that you need to process through that, it is all completion driven. You do not need to code anything. It is all you can do your work in let's say and accept. And that form says the document will be processed by that engine seamlessly. So this Spark engine, this Spark-based solution was also developed by Ksolves. And this engine can process close to millions of files with 100s of records each. So effectively, billions of records can be process through this engine.

Then coming to other areas, so all these technologies, right, they work any Big Data or AI/ML, right, they need a very good DevOps architecture and DevOps design also. What DevOps means is you need to manage all these systems which are processing these huge amount of data. Those systems should be robust. Those systems should be scalable. Today, if I've got, let's say 100, let's say today, that

system is able to manage 1 million users. Tomorrow, if I have, let's say 120, let's say maybe 1 million to 2 million extra users, that system should be automatically scalable. It should scale on its own. So that part is all being managed by Ksolves DevOps team. Then with Salesforce, Salesforce is a CRM, which is used across all over the world, right?

Ksolves has almost 100 plus Salesforce developers, certified developers, certified architects, and we have been doing a lot of services-based development in Salesforce. We are providing engineers to other, some of the big, big companies who need Salesforce developers who design and develop their applications.

**Ratan Srivastava:** Big and small companies, they have the idea. They want to develop their product, so we are providing them our certified engineers to develop their product.

**Manish Gurnani:** Right. So then, maybe moving to next slide now. So this is the services tool. Essentially, what all I explained about, right? The details of that is explained over here. So like I mentioned about AI and Generative AI, right? The tool that we use, we work on computer vision. We work on NLP. We work on deep learning, right? Similarly, for Salesforce, we work on like Salesforce development as well as Salesforce consulting. We do Salesforce migration. We do Salesforce integration with other third-party applications.

We have our own Salesforce product Lead Manager Ninja also deployed onto the Salesforce App Store. Then in Big Data, some of the technologies that I mentioned is, Kafka, NiFi, Cassandra, Spark. And in case if you sort of search in Google for Cassandra and NiFi development company in India or NiFi development company in India, you will see that Ksolves is coming in the top.

We work across clouds. So again, the same for enterprise technology, it is more linked to Java, Microservices, Spring. And then for DevOps, we work across all the clouds as well as circle some technology specifically DevOps. I'll then skip to the next? Yes.

**Ratan Srivastava:** Okay. So basically, we have a team, which is divided in two part. One is this staff augmentation. The another is the project based model. Project based model is again, divided in two part. One is T&M, and one is the fixed cost. So overall revenue is divided in, I can say the overall revenue is coming through three different category of developers. Staff augmentation, T&M, and fixed cost. So our major

revenue is coming from the T&M, and then fixed cost, and then the staff augmentation.

Next. Service process. Then whenever we start any project from the start from the scratch, then definitely start from the requirement gathering. After the requirement gathering, we start the development plan. Then we ensure that whatever we have delivered, it should have the good quality. And then after the good quality, once the project is stable and then customers start getting the revenue, then they ask for the new features and the maintenance for the existing features.

Next. This is Dashboard Ninja, which I have already explained you that this is one of our top selling product, which has generated around more than 1 million revenue in last three years, and it is running number one on the Odoo App Store since last three years.

Next. This is the Clientele. Basically, in the Clientele, if you will see these customers are the mostly U.S. based customer, but as I stated, and Manish also explained that few companies for them, we are working by using Generative AI or AI/ML or the Big Data, they have requested that not to request their name. We said that. We don't have any problem. And I think that every so many companies are doing the same thing.

So as Manish said that Fortune 500 customer, you will not see their name. But, yes, they are Fortune 500, and they are telecom-based company.

Yes. Next. Business analysis, industries. Actually, we have divided our business into that how many industries we are serving. So first is IT and services, e-governance, BFSI, marketing, health care, manufacturing, retail, Edutech, and telecom, and some others. Revenue by business units, product is we can say that I told you all it, this thing that 3% is coming from the product and 97% is coming from the services.

And we have, again, explained here that how much revenue is coming from the health care manufacturing. We can cover this in the question and answer now. Next. Umang?

**Umang Soni:**

Yeah. So this is our revenue breakup as I already stated. Typically, divides our revenue in domestic and export. So you can say 82% was export and around 18% is domestic revenue. And again, here we see the geographical revenue breakup, of which North America is the

leading one. Around 67% belongs to North America, and 7% Europe, 7% around rest of the world, and around 18% belongs to Indian customers.

Yeah. Next. So this is basically the revenue by geography that I recently stated in a pie chart, and this is our technologic bifurcation of our revenue.

**Ratan Srivastava:** Next. Quarterly highlights. Yes, Umang.

**Umang Soni:** Yeah. So as you see our quarterly performance, and we sent FY'23 quarter three. Year-on-year, the revenue growth was 38.3%, and our PAT increased 44.7%. And if you compare it with previous quarter, which is September '23, our revenue from operations have increased from 9.4%, and PAT has increased 8.6%. And we have maintained an EBITDA or OPM margin of around 40 plus percentage altogether in all the quarters. Next. We are done everything.

**Ratan Srivastava:** Okay. So all done, Umang?

**Umang Soni:** Yeah. That's pretty much.

**Ratan Srivastava:** Okay. So, Vinay, I think we have covered all the points. We can start the question-and-answers.

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

**Moderator:** Yeah. Sure. Manish, can you end the presentation. Thank you. We'll take the first question from the line of Ravi Kumar Naredi. You can go ahead, please.

**Ravi Kumar Naredi:** Thank you very much. Are you able to listen me?

**Ratan Srivastava:** Yes.

**Moderator:** Go ahead, Ravi. I think he got disconnected. Anybody who wishes to ask a question, use the option of raise hand. We'll take the first question from Lalit Rai. Lalit, you can go ahead.

**Lalit Rai:** Yeah. Hello. Good evening, everyone. So one, firstly, we would have -- you did mention that now we have some large clients as well. There must be a huge number of small or mid-sized companies as well. People who are not so well versed with the latest technologies coming up, a lot of the time, not even aware of what they should be really

implementing at their end. So is it the case that a lot of them approach you with a kind of problem and where you have to, what you implement, right?

So right from at your end, thinking about what is the right fit for them, identifying the right tools, then implementing it, and also maintaining it for them over time. Is that how it works for most of the clients? And is that the reason why we have margins which are significantly higher than what we see elsewhere in the IT space? So it kind of becomes a blend of a lot of consulting as well.

**Ratan Srivastava:**

So thank you, Lalit. Yes, I can say that margin is related to this, but first of all, I will explain you that, yes. You are correct. Whenever any customer come to us, we try to understand that what kind of solution will be fit for his requirement. For example, there are two, three clouds, Google Clouds, AWS, and Azure. And the fourth option is that in-house. In in-house means she does not want to go for cloud? Because of -- suppose any bank is coming. For example, bank is coming, and they're very much concerned about the data.

So in that case, we study their requirement, and we suggest them that which cloud will be good for them, which technology they should use. For example, PHP, Java, .NET. Same thing they can do. But it is not necessary that in every requirement, PHP will be fit. In every requirement, Java will be fit, and in every requirement, .NET will be fit. So we suggest them the technology. We suggest them the servers, what kind of servers they should use. And based on that, we start the project. Yes, it definitely affects the margin.

And margin, you have raised the question about the margin. So I will say that margin is high because we are working on the complex technologies, which is not I can say that available at this rate at our level companies. For example, AI/ML, Big Data, Salesforce. So for these technologies, rates are high, and that's why margins are high. AI/ML, right now, hourly rate, I can say, what we are getting at this moment, \$31 per employee, per hour. Am I correct, Umang?

**Umang Soni:**

Yeah.

**Ratan Srivastava:**

And at the same time, for the Odoo, which is not I can say that, at that level were AI/ML, or Generative AI stands. For Odoo, we are getting \$17 per hour. In sheet, you may see that we are getting revenue higher than AI/ML with Odoo. But in future, you may see that the revenue generated by the AI/ML is higher as compared to the Odoo. Because

we have started moving there. And yet, I have covered all the things which you have asked, or I missed anything, Lalit?

**Lalit Rai:**

You have covered, Ratan. Thank you so much for that. Also, the second question was around just trying to understand the evolution of these guys, right? So Salesforce is there and Odoo is there. So one is San Francisco, U.S. based company. The other is a Belgium company. So these guys probably came up and developed technologies over there. They had some of their own implementers. And then, around them in that geography, they would have developed an ecosystem of other people, smaller companies who were supporting their implementation or maintenance because they alone couldn't have done that.

So is there a very large opportunity in the sense that, initially, most of their ecosystem evolved around the western geographies and where billing rates would be very high, maybe going from \$70 to \$120, \$130 per hour kind of billing rates. And now, we are able to come in and learn these technologies and implement them for the clients and wherein we are able to -- as you mentioned, at the higher end, even when we are doing AI based product, Udhaar Pay also, we are able to offer at prices as low as \$31, whereas in the west, from what I read online resources are very, very expensive way above \$100 an hour.

So does that become a big pull? And so while we may see Salesforce and Odoo as they become and Salesforce already is very, very large. So as they become very large and they kind of be mature and we have seen sales courses growth come off from the 40%, 50% kind of CAGR or you earlier, it was even higher, and now it's in the teens. But so we have that tailwind that Salesforce and Odoo are still growing and growing well.

And at the same time, you will have this shift, which can happen in terms of this outsourcing opportunity where you are competing with people who are operating at 5x, 6x your billing rates. So you will always have a great value proposition, and therefore that part of the business can keep shifting here. We are still very small in terms of size. So does that mean that for many years because of this equation, we will continue to see an above industry kind of growth rate? And we've been clocking phenomenal growth rates, and congratulations to you for that. But can we sustain these, what seem to be pretty high rates of growth?

**Ratan Srivastava:**

So, Lalit, you have asked so many things in one question? But I will try to cover each and everything. So first thing that, right now I'm in Sydney. And today I was in a Salesforce Tower at Sydney for event. And I was able to clearly see the difference, what market Salesforce is focusing and what market Odoo is focusing? So at this moment, the market with Salesforce is focusing is I can say that it's higher as compared to Odoo. So rates are definitely higher for the Salesforce and as compared to Odoo.

Right now, if you will search on the Internet and if you will see the revenue generated by us in the Odoo, you can see that maybe we are one of the top 10 vendors in all over the world, and if you will see the revenue for Odoo. But Salesforce, we are still working, means we're behind with so many people.

But definitely, we are moving forward. We are adding the capabilities. One year before, we were silver, then this year, we became gold, and then next year, we may have some good news. So that is the difference between the Salesforce and the Odoo, but we will always want to have our bread and butter. Everything. Means, I have started this company with the PHP technology 12 years before. This still, have that PHP.

I don't leave anything, but definitely, my focus is more on the latest technology. As I said that AI/ML, Big Data, Salesforce, because that's how I am able to retain my developers, my employees. I have people who are working with us more than five years, six years, seven years, eight years, nine years, 10 years. Reason, I always keep changing the technology. I always try to work on the latest technology so that I can work on, I can get complex work, and I can get higher rates, and I can give them the higher salary. So that is the reason, I'm able to work on this technology.

And margin, now you're talking about the margin. I would like to be conservative. So what I see that for this year and for next three years, this year, I would be able to maintain 37% plus minus 2%. And for next three years, definitely, it will be industry beating if everything goes well.

**Lalit Rai:**

My question was more around, so there was one more element to it, which was around growth rate. So this whole price arbitrage or cost arbitrage for the client, where we are able to offer billing rates of \$17 to \$31, right? And whereas in the west for similar work, the billing rates would be \$70 to well upwards of \$100.

So in our space, on the cloud side and on the side of, so we've already seen all this play out for the larger companies, right, and for TCS and Infosys and HCL Tech, et cetera, in the pre-cloud era, right, which is now saturated and which is why we are seeing growth rates plateau out. But on the Cloud side, are we seeing so this opportunity of offshoring, is there still a long way to go which will ensure that we are able to sustain very high rates of growth for many years to come?

**Ratan Srivastava:**

See, I've been again try to give one example. Three years before or what we are doing right now. Three years before, what rates we were getting and right now what rates we are getting. There's a huge difference. Because the expertise level got increased. And the question which you are saying, that that, I would be able to maintain. Sorry, Manish.

**Manish Gurnani:**

Let me take that.

**Ratan Srivastava:**

Okay.

**Manish Gurnani:**

So see, definitely, what it will depend for number one, it will depend from different technology. If you're talking about AI/ML, yes, we would have sustained that highlight, because AI/ML is going to grow, what we see. It is a growing technology, and we are sure that we will be able to maintain that.

If we talk about, let's say, what about Cloud. right? What Cloud was 10 years back and what Cloud is today, right? The rates will definitely different, correct? How that difference, how that matters to us is the onshore rates will always be high. You will not get AI/ML engineers at the same rate, what you are getting in India, right? This definitely plays in as a positive for us, because we get. See what we also wanted, we are still, I would say, a small player compared to these big force, right? But what we want is we need, we have a team which is capable to work on these high end technologies. All they need is some projects wherein we can demonstrate that capability. So keeping these rates help us get those projects. And once we have worked with the client and delivered these projects, the option opens up for other projects also, which is what we are seeing. So I will give you an example, right.

We started work with one of our U.S. clients for this AI/ML, right. We started small and today that client has given us almost double the work of what they had earlier, what they were earlier giving. This again, that same telecom giant, that I earlier mentioned in network. They

started with two AI/ML resources. Today, we have got almost double or triple of that. And that is the way that we start small. But once we get in the project, right, people are able to see the capabilities of our engineers, and then they're able to have more confidence on us, and then they are able to give us more work relative to that.

**Ratan Srivastava:**

See Lalit, basically what I understand means, still we are a small as compared to big names you stated. So if any customer come to us, first they want to see our capabilities. And once they start seeing our performance, then they start asking for more developers, then they start giving us more work. In that way, we can say that with the same customer. We start from for example, 3,000 and in next six month, we end to the 15,000. So they keep adding the resources. They keep adding the work. Once they start seeing our performance, our work, our culture. So this is what I have observed and what I'm seeing here.

Once we will have the brand and the name in, okay, then maybe they will start opening all the cards in one time. But right now, they are very careful. Okay. They start from the small assignment, but they keep adding the works. I can give you one example. There's one customer who was I can say that nine months before, he was giving us a \$80 to \$100 per month, but right now he is giving us \$30,000 per month for AI/ML. And our customers are mainly the small cap customers. They have the fund. They have the idea, but they do not have that much of fund where they can hire developers from the big companies. But they want to work on the complex technologies. So they come to us. They start from the small things, and then they grow.

**Lalit Rai:**

Sure. Thanks a lot, and I'll get back in the queue.

**Moderator:**

We'll take the next question from Ravi Kumar Naredi, since he had got muted last time. Ravi, please go ahead.

**Ravi Kumar Naredi:**

Yeah. Well, you had just given the reply. We will grow more than industry leverage. So what is the growth of industry first? And what visibility you are having for next two to three years? And instead of paying so much handsome dividend, can you go for buyback like TCS and INFY doing? And how many employees we have added in financial year '24? And what is our attrition rate? These are my questions.

**Ratan Srivastava:**

Four questions you have asked. Attrition rate?

**Ravi Kumar Naredi:**

Yeah.

- Ratan Srivastava:** How many employees we have added? And two questions, that what will be the numbers in next three years? And fourth, where we are, what we are expecting or what we are means, as we said that the industry beating. So what we are saying.
- Ravi Kumar Naredi:** Yeah.
- Ratan Srivastava:** So definitely, I will stick on that point. Industry beating means because companies who are at our level. And maybe little higher than us. So industry beating means we will be better than them for next three years, first answer. Second answer is that this year, we will try to have a growth of 37 plus minus 2%. Third the number of resources the total hire this year. Right now, I do not have exact number, but I can give you the number in the last three months is, it is around 30 to 40 resources. If you can drop me the email, I can send you the total number of firing in last one year. Okay. And attrition rate, Umang, I think it is 19%.
- Umang Soni:** Yes, 19%.
- Ravi Kumar Naredi:** Ratan, what is the growth of industries? Can you quantify in the percentage term? You are doing excellently good job. That is not a second thought.
- Ratan Srivastava:** I think 25% to 30%.
- Ravi Kumar Naredi:** 25% to 30%. And one more reply you had not given about buyback and the dividend.
- Ratan Srivastava:** I will think about this, but currently I will keep giving the dividend.
- Ravi Kumar Naredi:** Okay. Thank you.
- Moderator:** Thank you. We'll take the next question from Darshil Jhaveri. You can go ahead, please.
- Darshil Jhaveri:** Hi, good evening team, and thank you so much for taking my question. Firstly, congratulations on a great set of results. So just wanted to ask like, as you said like AI is maybe we are getting nearly 2x the rate of other what our services are. As AI grows, will it be said or assume that a margin could also become substantially better, or does AI have so you say we'll have a proposed increase in our costs

also. So I just wanted to go for margin trajectory. And like I think, be it the 40% consistently or maybe even go higher?

**Ratan Srivastava:**

Margin, I said that I will not give you the number for the next three months, three years. It will be in distributing. And for AI/ML, I would like to be conservative. But for AI/ML, definitely we can see that the huge scope is huge demand is there.

And right now, we are not able to fulfil the demand. So that's why we are hiring the people from junior to seniors. Even in the market, not enough capable resources are available. So we need to train people first. So because the requirement which we are getting from the customers, it is not simple. It is not something like that you just have people from the market AI/ML engineers, and you can. You need really experts.

As compared to other technologies, this technology is really very complex. They should have excellent mathematics knowledge. They should have excellent logic. So rates are high because demand is tough. So that's why I'm saying that right now, it is the double net we are getting from the other technologies. And in future, as we will grow, as we will add more capabilities in AI/ML area, we will definitely get a better rates, better revenue from the AI/ML.

**Darshil Jhaveri:**

Okay. And I just wanted to know like how does our service contracts and everything? Do we have annual contract? Or how does that just pay off? Like, do we have an order book? Or how does just explain the whole system of that?

**Ratan Srivastava:**

See, we have almost for all the customers. We have the contracts for at least six month, three to six month. And for some customers, one year. We have the contract. And for some customers, which who are coming just for support packages, mostly they are coming for the Odoo. So they just come for the one month or two months. So for those kind of customers, we do not have agreement. But for other customers, definitely for most of them, we have the agreements, right, Umang?

**Darshil Jhaveri:**

So what would be that currently like as of date, what would be that odd agreement? What would be odd value?

**Ratan Srivastava:**

Umang, can you answer on this?

**Umang Soni:**

Sorry. Darshil, can you repeat?

- Darshil Jhaveri:** Sure. Like as mentioned, we have a lot of contracts. Some are for one month, some up for three to six months. So what would be maybe the value of those contracts that we have currently? Like in terms of that our good visibility for us, like, currency, right?
- Ratan Srivastava:** See whenever we are ending any quarter. So I can say that almost 80% to 90% customer, we can see that they will be us with for the next quarters. 70% to 80% on customers. And then in the next quarter, we have again targets and we keep we add more customers. In that way, we are growing. At least 70% to 80% customers, I can see that they are with us for long-term. With every quarter when we are ending the quarter.
- Darshil Jhaveri:** Okay. So just one last question.
- Ratan Srivastava:** Again I will give you one example. Suppose if I'm ending quarter ₹28 crore for example. And if I'm starting the new quarter, I will have to I should have an idea that from where I'm getting, I'm going to start and what will be the pipeline. So I can see that I am able to start from this little bit 5% up, 10% up, or 10% minus, okay, from the same point.
- Darshil Jhaveri:** Okay, and just a last question in terms of any kind of risk that you see like, we want to provide a good number. Like, do you feel that some kind of micro or macro risk that is new per se that something that the industry can face? Like anything, but there's maybe a demand constraint or supply constraint maybe something that you can, see?
- Ratan Srivastava:** Honestly speaking, my honest answer will be that the demands which we are getting right now, we are not able to fulfil that because of the resource crunches, good resource crunches, experts. So I can see that demand side is high as compared to the supply. Supply means problem is the supply that we are not able to fulfil all the requirements. Sometimes their requirements are very complex. Sometimes we do not have that kind of resources available in the market. So demands are still there in the market. I do not see any crunch for the demands. Problem is on the resource side. So that's why we keep hiring people. We are trying to maintain the bench.
- Darshil Jhaveri:** Okay. Thank you so much.
- Moderator:** Thank you, Darshil. We'll take the next question from Saurabh Sadhwani. Saurabh, please go ahead.

**Saurabh Sadhwani:** Yes. Good afternoon, everyone. Ratan ji now you are looking at onshore model for company so are you feeling that your contract size and contract duration is going to increase and second how are margins going to get affect because of this?

**Ratan Srivastava:** First of all, since last two years, I'm trying to have resources onshore. But I'm not sure that I should say fortunate or unfortunate, but situation in other countries like U.S., Europe is not good right now. They are trying to reduce their expenses. So they are increasing the outsourcing. I can give you one example. Latest happened. He has released his CTO, and he said that he wants someone from the India because he can reduce his cost. And it happened 2x, 3x in last nine months. So they want to decrease the cost. I'm not saying that onshore development, going to be close or what? But demand is now less for onshore. They are getting the same kind of quality. India is growing. People are working very hard. The availability problem means I can say that people are available almost anytime.

So what they are seeing that, if they are getting the quality, if they are getting the availability, then why they should not have people offshore? So I tried many times to put resources on-site, but every time what I was getting response from that, Ratan, same thing if I'm getting from the India, same qualities, same support. Then why unnecessary, it is the expense.

**Saurabh Sadhwani:** But do you plan to open sales offices in other job office like America and Europe?

**Ratan Srivastava:** I have sales office in U.S. Okay and in last nine months in Ksolves, almost six to seven or eight people have got the business visa. Because after Corona, it was completely stopped by the government. And what I have observed for company like us, people who are meeting to the customer, they should be good in technology too. Not only the sales. Because we are targeting mostly or you can say that most of the customers are the small cap customers. So they want someone who understand their problem as well as they can provide the solution also. Means, as I think someone asked that consulting also, what consulting and development?

So onsite sales, hiring a salesperson, I hired. But somehow, it could not be successful at this level because people were, when people started asking the technical things, somehow it could not execute. So what is happening right now, I'm traveling most of the time, U.S., Australia, or whatever. Because I have the technology background. I

have the business understanding. And from the next quarter, few more people for example, Manish is getting the Visa. Our Delivery Head got the Visa. So many people have, our Business Development Head is going to get the Visa. They will start traveling because they have the business sense plus technology knowledge also.

They can provide the consulting as well as the solution. So right now, it is not a good idea. But when we will grow, definitely, we will have or we should have sales office or salespeople in other countries. But at this level, it is unnecessary, I can say that expense.

**Saurabh Sadhwani:** Okay. Thank you, Ratan.

**Moderator:** Thank you. Before we go to the next participant, I have a request on the chat. Ravi Sharma, can you go ahead and unmute and ask your question, please?

**Ravi Sharma:** Thanks, team for allowing me to ask the question. Ratan, thank you for explaining all the things. First of all, congratulations to the team. I just have one question, that what is the typical average project duration and revenue? Means, what is the typical average, project duration around six months? How we retain how the revenue is from them? Do we have a long lasting contracts or a short-term contract? Exactly how Ksolves working is?

**Ratan Srivastava:** I will give you few examples. I will try to give you examples. I can give you answer in one line also, but I would like to give you some examples. I have one customer who have started with \$3,000 10 years before. Right now, he is giving us \$125,000 per month. And it is a long lasting, right. But still I can say that it will continue. It will continue.

Another example is that five years before, I have started with one customer. That customer is into the real estate, and they have started from 16,000 per month. And still they are working with that, and the current billing is 60,000, 16,000 to 60,000 per month. So we have so many customers who have started with us with small amount of work and money, but now the money per month is increased and the amount of the work also increased. And they have product, which they can say that, see they will never stop the adding features. They will never stop the maintenance of the existing features.

For example, you have e-commerce application. So it is not something that you have deployed that e-commerce application on server, and

you will forget the person who has done the deployment. You will have to keep that resource to maintain the server. You will have to keep that resource to add the features. You will have to keep that resource to add new features, maintain new features. So I can see, and I can feel that whenever any project is start, most of the time it is a long duration. Only thing is that the project start from the small amount, small work, and gradually it increased. It increases.

For example, if any project is starting this month maybe from ₹3,000, ₹1,500. After six month, I can say that there's 70%, 80% chances that customer will be with us, and the amount of the work will increase, the amount of the money will increase, because we always try to understand that what else he is looking a part of the existing business.

I will give you one more example. If that person is asking to implement the ERP by using the Odoo, it means he has the application for Odoo. He has the ERP to maintain his inventory. But at the same time, he will have application to sell his SKUs or inventories, which will be definitely developed into another technology. So we suggest we try to know that what he is using to sell his project, his product. He is coming to manage his inventory, but definitely, he's selling his inventories through some other technologies.

And then maybe he may have a requirement to manage the huge data. For example, huge products, number of products, or he wants to have an idea that in which month, which product he should have in inventory. He does not want all the products in inventory all the time. So for that thing, he may have a requirement to implement the AI/ML. So in that way, we try to keep understanding his business. We try to keep suggesting that how he can increase the business.

I can give you one example. I met with one person in U.S. few months back, and he came for the Odoo ERP. I said that, so are you maintaining all the products in your warehouse? He said that's yes. I said that, so how much you have data? He said that for last 20 years, I have the data. I said that, it means you have the data that in which month, which item people are asking. He said that, yes. Then I said that why you are not applying the machine learning? In that way, I have generated the machine learning work also. Work got increased, business got increased, revenue got increased. So that is the way we increase the work with the existing resource. And that is the reason we have so many customer who are working with us since long time. I hope I have given you the answer.

- Ravi Sharma:** Thank you, Ratan. This is what I wanted to know, actually, that, yes, we are retaining the customers. Once we are having them and then we are retaining them, this is what my agenda was to have a look on it. Thank you, Ratan. Thank you for the explanation.
- Moderator:** Okay, Ravi. We'll take one more question from chat by Mr. Harsh. What would be the percentage of consulting revenue out of the service revenue?
- Ratan Srivastava:** It is tough. Right now, I don't think that I have that data handy, but most of the time we provide the consulting, before starting the services. Most of the time because customer with the fresh, most of the time come with either they come with fresh requirement or they come with some problems with the existing projects done by some other vendors. Then we understand, then we provide them consulting that what should be the exact technology, what should be the exact solution, and then we start the development. Most of the time, consulting is the part of the services.
- Moderator:** The second question is, would it be possible to give a breakup of the revenue? How much of it would be from time and material contracts? How much of it would be from fixed price. And how much of it would be from staff augmentation?
- Ratan Srivastava:** Umang has. Umang, you can go ahead.
- Umang Soni:** Yeah. So round, you can say, 8% is from staff augmentation, and 24% is fixed cost, and rest is T&M which comes to around 65%, 66%. So major of our revenue comes from T&M then fixed cost, and very less of it is from subcontracting or staff augmentation.
- Ratan Srivastava:** And in future, we will increase the revenue from the fixed cost, then T&M, and then the staff augmentation.
- Moderator:** Thank you. We'll take the next question from Anil Kumar. Anil, you can unmute, please. We'll move on to the next participant, Aman Agrawal. You can unmute, please. Yeah, Anil, please go ahead.
- Anil Kumar:** Yeah. Okay. So thank you. Thank you for taking the question. So, Ratan, I wanted to understand like, how is the revenue visibility for the coming two, three, five years probably down the line? How do you see this company growing and going? And obviously, you have told about the margin somewhere near 37% plus minus 2 would be the EBITDA margin, I believe?

The other question is, you have discussed about the pipeline, though, but I would like to understand, like as you said, like, you are not hiring people in the answer. That's a good point. That's a cost saving for us. But are you kind of creating a big bunch of people from India who can basically pitch those clients either through VCs or through in-person? Some person may be required in-person, but majority can be done through VCs as well. So how is that growth looking like? How is that pipeline that can grow? I mean, because if that grows, then only revenues will grow and then, eventually the business will grow. Obviously, you would have thought of, but I would like to, I mean, have your puts -- you put this, put colour on this. So that we get an understanding and visibility on this?

**Ratan Srivastava:** Can you come your question one-by-one? I will be here to answer you.

**Anil Kumar:** Okay. So how is the need looking like for probably next two, three, five years? I mean what will be the growth percentages that we can expect? Obviously, the markets or the economy will be ups and downs?

**Ratan Srivastava:** So as I stated that this year, it will be 37 plus minus 2%. For next three to five years, definitely, it will be in distributing. I'm not giving the number right now. But as the companies who are at our level are little higher than us, definitely, will be better than us. Definitely means if everything goes well. As we are doing, considering the past 14 quarters, I assume that we will be better. We will have industry beating. Second question your...

**Anil Kumar:** Can we expect something in the range of 40s? Because that is the -- be your historical growth has been phenomenal. So can we expect that in the range of 40s? And also, like I think in 2022, you had said like, you will achieve ₹250 crores of revenue. So is that, intact?

**Ratan Srivastava:** ₹250 crores in how many years?

**Anil Kumar:** I think it was by '27 or so. In five years that you had told that.

**Ratan Srivastava:** Considering the current growth, if everything goes well, I hope that we would be able to manage this. Hello?

**Moderator:** Are you done, can you hear us? I think there's a problem in his line. We'll take the next question from Aman Agrawal. Aman, you can go ahead, please.

**Aman Agrawal:** Very good afternoon, Ratan, Umang and Manish. And first of all, congratulations, your whole team, and a big applause to you, having maintain a very good operating efficiency and good margins. So first of all, I have three questions. So one is, as you said about this, you create a product in the Salesforce also. So can you give me, just some brief or as elaborate on this product and its market demand. Like, you create I did two products there, and with your presentation? This is my first question.

And the second question is, you said that you maintain a hybrid delivery model. So this is there. Secondly, I saw in your financials. Like, there's a certain increase in rental offices expenses also in like, from ₹62 lakhs to ₹69 lakhs. So and your company is doing very great. You have great cash flows. So don't you have any plan for permanent establishments in the organisations rather than just might temporary because it may would affect on your deviation also if you create a safe and increasing capital?

And my third question is, can you elaborate, like, if you -- you are doing very great with the sales, but still any plan, collaboration, or partnership in respect to AI sales for the incoming next five year with the amazing trend or opportunity like semiconductor sector or any growth like this is having growth in next ticket, like, we can see now?

**Ratan Srivastava:** Okay. So I think your first question was that you want to know that, something about our product, right? Salesforce and Dashboard Ninja. See, Dashboard Ninja is something which generate the reports about your sales, about your revenue, everything. And this is completely customised solution, based on your requirement. You can customise it on yours. Definitely, you may have some time need help from the Ksolves. But it will be very, I can say that, rare.

If you have a technology knowledge, then you can customise it very easily. Salesforce product, we have developed, the name of that product is Lead Manager. Do you want to say anything?

**Aman Agrawal:** No. No. No. I'm just -- you continue.

**Ratan Srivastava:** Lead Manager Ninja, which is a kind of SMS and WhatsApp sending application. You can send multiple 1,000 or millions of SMS or

WhatsApp messages to your customers. For example, suppose you have an e-commerce application. You are the owner of any e-commerce application, and you are selling your products on-site, on online. You want to send them offers. You want to update them about something good. You want to update them or good or some news. In that cases, you would like to send them messages and WhatsApp messages and normal SMS. This application is providing that feature.

**Aman Agrawal:**

Is it in health care or something? Did it also include...

**Ratan Srivastava:**

You can use it anywhere for health care, for e-commerce, for anywhere. Even for example, suppose you have 500 friends and relatives, and you want to manage everything through Salesforce. Then you can have a few licenses, or maybe you can start from one license, and then you can start sending them SMS and WhatsApp through this application. What is the benefit? You will say that this mobile application is already providing you this feature. You can manage the history. You can import. You can export. Whatever. You can change the system from here to there, there to here. So means you can track the history. You can search any particular content. So that kind of facility, it is providing. You can schedule the messages.

So it is already few companies are doing the same thing. But what we are adding in this product, we are adding a data privacy feature. Okay. Means, we are providing them the data privacy. Means, we are saying that you create your own account on the third-party, for example, Twilio. We will not have access. You will just integrate, and you will have all the data. It is your data. So data privacy and the support, 24x7 times support and less cost.

Your next question is that rental office. Rental office expenses definitely increased, and it will increase. Because people have started coming to the office, and we are also encouraging them to come office so that we can create a positive environment, and we can create the -- we can train the freshers. It help us to train the freshers. It help us to create, to train the resources who does not have expertise in that particular technology, and someone has that knowledge, but that person is not available in the office.

So now people have started coming to the office, but definitely, it is not five days and eight hours in a week, 40 hours in a week, but they are coming twice, thrice in a week. Permanent office, definitely, at this moment, I will never take. Because it comes with several restriction. First thing, expansion is not easy. Suppose right now, if I am, buying

an office for 100 people, and next year, if I want to increase the team size, either I will have to buy a new office, then it means I will have to -- managing the office expenses will get increased unnecessary.

Better is that if I will move to the new office with bigger size. And you can see that these days, so many big companies are moving to smart works. I'm not going to take the name, but so many big companies. They're going to smart works to expand the business in 2 tier, 3 tier cities rapidly. And same thing we are doing. We have managed offices in Indore. We have managed office in Pune. We have managed office in the Noida. Maybe we will go to the move, in bigger office in Noida, in bigger office in the Pune, and it is very easy because we do not have any obligation with, we do not have any boundation with that particular landlord.

Your next question was the semiconductor thing. We will focus only on the software development services. We're not going to move into embedded semiconductor or any other domain until, unless we are not big. And I don't think that in next three to five years, we are going to like something that.

**Aman Agrawal:** Thank you so much.

**Moderator:** Thank you, Aman. We'll take the last question for the day from Abhinav Shrivastava. Abhinav, you can go ahead.

**Abhinav Shrivastava:** Thank you and good evening, everyone. As I can see, Ksolves is working with many clients, but I need to know, what is the average client age in Ksolves?

**Ratan Srivastava:** Umang, can you answer this?

**Umang Soni:** So, as Ratan already stated, typically, client comes with a small amount of work and a small assignment and a small amount. So typically, on an average, if you see the average client, that is stay with us, it's around and recurring revenue. So it's around three to five years.

**Abhinav Shrivastava:** Okay. All right. Thank you.

**Moderator:** Thank you. Since that was the last question for the day, I would invite the management to give any closing comments before we end this call.

**Ratan Srivastava:** Thank you, Vinay. I think this was my first con call. So this is I can say that I do not have enough to say. Definitely, next two months

went, I will have, next quarter result, I will have more to discuss. But thank you to all the people who have joined this call, who have asked questions with me. Maybe for some questions, I could not reply you properly. In that case, you can send me email, [ir@ksolves.com](mailto:ir@ksolves.com). I will definitely, give you the better answer if you're not happy with the or if you could not get the proper answer.

**Moderator:**

Thank you to all the participants, and thank you to the management for this call. You may all disconnect now.