Date: 07.05.2025

To

Listing Compliance **National Stock Exchange of India Ltd.** **Exchange Plaza, Plot no. C/1, G Block,** **Bandra-Kurla Complex, Bandra (E)** **Mumbai – 400051**	**Listing Compliance** **The Bombay Stock Exchange Limited,** **Phiroze Jeejeebhoy Towers,** **Dalal Street,** **Mumbai – 400 001.**

Subject: Transcripts of Q4 FY25 Earnings Conference Call dated May 03, 2025.

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

BSE Scrip Code: 543599; NSE Symbol; KSOLVES; ISIN: INE0D6I01023

Dear Sir/Madam

Pursuant to the abovementioned Regulation, please find enclosed herewith the transcripts of the Q4 FY25 Earnings Conference Call dated May 03, 2025.

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

Digitally signed by MANISHA KIDE
Date: 2025.05.07 15:12:21 +05'30'

Manisha Kide
Company Secretary & Compliance Officer

KSOLVES INDIA LIMITED

Q4 & FY25

POST EARNINGS CONFERENCE CALL

May 3, 2025

Management Team

Mr. Ratan Srivastava - Chairman & Managing Director
Mr. Manish Gurnani - Chief Technical Officer
Mr. Umang Soni - Chief Financial Officer

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 Ksolves India Limited. Today on the call from the management team, we have with us Mr. Ratan Srivastava, Chairman and Managing Director; Mr. Manish Gurnani, Chief Technical Officer; 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 and performance highlights for the full-year ended 31st March, 2025 the growth plans and vision for the coming year, post which we will open the floor for Q&A. Over to the management team.

Umang Soni: Okay. Thank you, Vinay, and good day, everyone, and a very warm welcome. We appreciate you taking the time to join us for quarter four and FY '25 earnings call. Can we present the screen? Yeah. So, I hope everyone would have got a chance to look at the earnings presentation and the press release by now. So, I will take you through the financial metrics and operational highlights for the quarter and the year gone by, while our CEO, Mr. Ratan Srivastava will share the business highlights and key developments.

So, before we jump, just a brief overview of the company. So Ksolves is a CMMI Level 3 Certified company founded in 2012 in Noida, and now we have offices across the world in U.S., Middle East, and India. In India, we have three offices: Indore, Pune and in Noida. So, we are a public listed company of more than 550+ members, 565 to be concise, focused on digital engineering, implementation services related to product development and customised software solutions as a core of our offering. We serve 150+ clients across 30+ countries and continue to maintain a strong international focus with 78% of our revenue coming from overseas markets. North America remains our largest overseas market, followed by Europe, Australia and the rest of the world. And the domestic business is 22% of our total revenue. And as a testament to our client trust, around 85% of our revenue comes from repeat customers. Next.

So, we have been blessed with partnership from Salesforce, Red Hat, Adobe, AWS and Odoo. These are the leading software companies in the world, and we have been able to benefit from their partnership with these companies' year-after-year.

And now let me walk you through the financial performance for the quarter and year ended 31st March, '25 with financial insights. So, we have achieved an impressive year-on-year growth during the quarter with a healthy operating margin. Our continued efforts have resulted into a strong five-year revenue CAGR of 68% and healthy five-year net profit CAGR of 119%. We continue to deliver exceptional return ratios with ROCE at 205% and ROE at 154% for the financial year '24-'25.

So, our consolidated revenue for the quarter, as you can see reached ₹33.34 crores, representing a year-on-year increase of 9.5%. However, on a sequential basis, revenue saw a bit dip by 11.6%, primarily due to the holiday schedules in December and January, which extended the deal closures. And by this, our sales funnel is now transitioning towards larger project sizes. So, we foresee huge capability in our unique and specialised Big Data product, DFM(Data Flow Manager), and a strong bounce back is expected in coming quarters.

Also, in FY '25, our top five clients contributed 40% of the revenue, while top 10 accounted for 53%. This reflects our shift towards larger project engagement and deeper client relationship. Our distinguished client base includes 11 clients with revenue exceeding $1 billion and 7 with revenue between $200 million to $1 billion. And this includes Fortune 500 and top 100 global banking firms. These figures highlight the strength and quality of our client base.

Now coming to EBITDA. Operating profit margin stood at 25.6% for quarter four. This margin reflects our strategic decision to invest in future growth, which includes, as you can see, lateral hiring, operating expenses related to product development and extensive travels and branding efforts, which have impacted our EBITDA by around say, it would be up if not these expenses, then EBITDA would have been up by 8% to 9% in the range of 9%. So, these were essential steps we have taken to reinforce our long-term foundation and continue our growth in coming quarters with EBITDA margins expected to remain in the range of 25%.

Now coming to annual performance. So, as you can see for FY '25, we delivered revenue of ₹137 crores, representing a strong year-on-year growth of 27%, driven by our continued client trust and our expansion into newer geographies and verticals. PAT stood at ₹34.32 crores, registering a year-on-year growth of 0.5%. This reflects stability in bottom line performance despite the scale of operational expansion we have done.

And over the last five years, more than 10x increase in revenue and astounding 50x growth in PAT have been achieved, which underscores our commitment to deliver consistent and sustainable growth.

Okay. So now I would also like to highlight that as on 31st March '25, the company have maintained a net positive cash position, holding ₹10.43 crores in cash against ₹9 crores in working capital debt. The working capital loan was availed during the year just to manage short-term cash flow mismatches on account of overall growth in the business.

And another on the hedging side, considering the macroeconomic environment, there is no material impact from currency fluctuations at this time. And given our healthy receivable days, which is 56 days, we see no significant headwinds related to ForEx volatility. Having now also reached a critical scale of operations; we are well positioned to negotiate favourable terms with banks for forward hedging contracts. And it's in the plan. We are discussing with banks to manage ForEx risk to hedging and forward contracts in the coming quarters to come.

So, as we always say that we have consistently emphasised our commitment to deliver value to shareholders through a strong dividend payout and corporate actions that enhance the liquidity and shareholder value. In line, interim dividend of ₹7.50 per share post stock split adjustment was declared and paid during Q4 in March, taking the total interim dividend for FY '25 to ₹15.50 per share on a split adjusted basis, which is the highest ever dividend paid. So overall, in this last 12 months, FY '24-'25, we have paid total dividend of ₹36.75 crores. Next.

I think I have covered this. So, we can shift to next slide. Yes. So, this reflects our expertise in multiple niche and complex technologies that allow us to cater a broad spectrum of sectors for industries, which gives us a diverse industry mix. You can see the telecom sector remains our largest segment, followed by technology and services. Additionally, we serve a retail, marketing, advertisement, manufacturing, EduTech, BFSI, real estate and health care. So, this diverse portfolio highlights our capability to deliver solutions across emerging and established industries worldwide.

And this is all about the events. So, we have participated in prestigious events during the year, along with aggressive engagements with clients, which aims to position Ksolves as a global brand and enhance the visibility of our capabilities in complex high-end technologies.

Now next, coming to this. So as a part of our commitment to sustainable business practices, we have responsibly recycled obsolete electronic equipment through certified E-Waste partners. This aligns with UNSDG 12 reinforcing our dedication to resource efficiency and minimising the environmental impact.

Well, in FY '25, we received the NASSCOM Impact Award. We also got featured among the Australia's top Salesforce consulting companies and won the Deloitte Technology Fast award.

Okay. So, this is regarding ESOP in this. So, to align key management with our long-term goals, we have granted 2,68,000 ESOPs to our key management, representing around 1% of our current outstanding share capital. And additionally, the shares of the company have been split in the ratio of 1:2 in the last quarter to enhance the liquidity of our stock during the year.

So, these are the updates that reflect our strong operational focus and long-term value creation. I will now hand over the call to our CEO and MD, Mr. Ratan, for deeper insights into our business and technological capabilities and key developments. Thank you for continued trust in Ksolves.

Ratan Srivastava: Good evening, everyone. My name Ratan Srivastava, CEO of Ksolves. Thank you for taking the time to join today's call. We had an eventful quarter with some strategic shift. And I want to walk you through where we stand, the decision we have made and how they position us for the future. But before that, I would like to give you some updates means, because some of you may be a new investor and maybe a first con call for you. So, I will give you the update that what basically we do as a Ksolves.

So traditionally, Ksolves has followed a core IT services model, where we work closely with clients on their product needs by supplying highly skilled resources in niche technology like AI/ML, Big Data, Salesforce and other niche technologies. For example, if a customer needs to implement Salesforce CRM for their business, so what we do basically? We will manage their complete end-to-end implementation.

And accordingly, we will charge for that. This model has worked well for us, and our strength has always been strong demand. In fact, we have consistently faced supply side challenges, not demand side issues because we work on the niche technologies. And it is always in a high demand and not easily available.

I will give you one more example. This is the recent example. One Fortune 500 client approached us with a requirement to implement a UiPath, which is you can say that RPA for automation. It was a new technology area for Ksolves and a very niche technology means very rare that means people are available, okay? We quickly assess the scope and committed to the delivery, and we have proposed a solution with the cost of approximately $150,000, okay?

Client agreed and we took full ownership of delivery. This is a clear example of how our model works, solution-oriented, responsive and delivery focused. So that said, this quarter has been different. And for the first time, means this is our 20th quarter, we faced a few simultaneous challenges. First, the U.S. holiday season, definitely, this is not the first. But this time, it has impacted us a lot, okay. Many of our clients were on the leave from December and they returned only by late January, which has slowed down project kick-offs. Why and how I will explain you.

The larger client base and bigger projects. As compared to last year, as our customers base has expanded, project sizes has grown, bigger projects now need approval from senior leadership, means now it is something that whenever we go for projects, getting approval is not easy because ticket size is larger as compared to last year, okay.

So, in that case, the leadership get involved and getting approval from them, it is not easy. It takes time. I can give you several examples. We have received approval for a project. The cost is approximately $600,000, and it took approximately six months, means we were chasing them continuously for six months, multiple meetings and all, and then we got the approval. But we got the approval. But here, one more thing is important that $600,000 is something in the last 13 years means I can say that the biggest deal. Before this, we have never cracked a deal in one shot at the cost is more than $120,000. So approximately 5x. So, this is I can say that a big success for the Ksolves and Ksolves team and for our investors also.

There are a few more examples I can give you, but I will go for the next point. We have shifted the business approach also. What we have realised that our major revenue is coming from the T&M model. T&M model is something where you supply the resources, but customer accept the resources after they taking the interview. And clearing the interview is not easy, means the expectation is very high when they take the interview.

So, we thought that it is not going to sustain in the long term, because we are working in the niche technology. And right now, if you see that the supply side, then finding resources on the niche technology is not easy. So, what we did that we have done multiple meetings with the internal sales team. It was also challenging for me to convince them, to educate them that go to customer, talk to your customer and convince them that we want a complete project. We will take the responsibility of delivering the project. And they should give us the freedom to select the resources. It was tough.

First challenge was that internally, my sales team was not ready to adopt this, okay? Because in the last 12 years, they were very habitual for the D&A model, means go to customer, talk to customer, and they will say you that, okay, they want five resources for the sales force, they have a budget of 4,000 per resource.

And then they were coming to talent acquisition team that they want five resources, and it was so many back and forth, means resources were getting rejected and all. So, it was a big challenge, okay. But somehow, sales team got trained and they adopted it, but it took time, okay? But now results started coming. And we can see that there are so many customers means, who were very rigid to hire only T&M resources. But now they are ready to give us project on delivery basis, and we are supplying the resources. Definitely, there is another challenge that we need to maintain the quality and all because we are giving them guarantee. But yes, this is the part of the project success. We will do that.

Third thing is the loss-making proposals. Some proposals we have received, we realised that if we will do this project, then it will not generate the required profit. The reason is that again, they are asking resources kind of T&M. So again, sales team went to them and they tried to convince them. A few of them were agreed and a few of them could not. Maybe after some time, they will realise that it is not easy to hire T&M resources. But yes, finally, we have solved this problem. So, in this quarter, I found that there are multiple challenges, but we have fixed most of them.

Now coming to the tariff effect. Honestly speaking, tariff effect could not or I can say that I do not see any impact of tariff till now, because our customers are reducing the team size on site, because they don't want to stop the work. So, they are asking more resources from us. So, tariff is not impacting us. Only thing what impacted us that I have already explained to you.

In this PPT, you will see those five pointers moving towards project-based delivery. I have already explained to you that how we are moving from T&M to project-based delivery. And it will give us a huge success in long-term.

Moderator: Before we move to the next section, can you shift to your laptop mic, please, because your voice is moving in and out.

Ratan Srivastava: My voice is moving in and out means, not sure. I can rejoin again if you want.

Moderator: No. If you can just shift to the laptop mic, if you don't mind.

Ratan Srivastava: Okay, one second. I will stop using this. Is this okay now?

Moderator: Yeah, this is much better. You can continue.

Ratan Srivastava: Okay. Perfect. So now can you go back to the previous slide? So, I have covered the point moving towards project-based delivery, then strategic pipeline development. Before this quarter, in last five years, I will honestly say that we could not get success to make a good pipeline. But after these strategic changes, okay, now I can say that we have a good pipeline also for the next few quarters, and we can see that customers are now coming to us, they are talking to us, they are discussing their projects and all.

And some of them have confirmed, but on paper, they have not. So, I can say that the pipeline is good, okay? And a strong pipeline, I can see first time. I have already explained to you the confidence in new sales approach that how we have done some workshop internally to educate and to train our sales team for the new approach. I have also explained to you that impact of external environment and U.S. tariffs. And increase in sales cycle I have also covered.

We can go for the next slide. This year, we have recruited a Vice President, Mr. Jerry Huang. This was the biggest step for me because definitely, he is coming with a huge experience. He was Director in

Salesforce, Australia for nine years, and he was also Global Head for Infosys architecture, Salesforce architecture.

So, hiring Jerry Huang was a huge challenge for me. I mean, if I say that considering the salaries and compensation and all. But the result, which I can see, he was here in India for three days in the last week, and he is a very nice person and team was very happy. First time, team said that now we have a face who can present the Salesforce to customers.

So, what I was missing in every Salesforce call that we have an expertise, we have a certification, we have everything. But we don't have a person who has a good reputation, good face who can represent, who can engage the customer.

So, after joining, Jerry, I expect that Salesforce, the revenue of the Salesforce and the quality of the Salesforce project will drastically improve, okay. And hopefully, we will see the results in the next few quarters. We have recruited Mr. Aseem Kumar. He's a Director of Programme and Operations. He's passed out from the IIT Kanpur. And he is helping us to stabilise the operations and functions.

Nishant Agrawal, he is VP of Engineering, and he is highly expert in AI and ML, and he is continuously helping us. And because of him, we have received a lot of good projects, okay. And I hope that in future, we are going to do a lot of things in the AI/ML also.

Mr. Darpan, he is leading the Business Transformation and Consulting department as a Head of Business, and he has around 13-plus year experience. And basically, his major expertise is that creating RFPs for big proposals, and government proposals or domestic or international proposals. And whatever I have explained to you that $600,000 project and a few other projects, he helped us to create a proper professional proposal.

Before his joining, I would honestly say that all the departments were creating the RFPs on their own way. There was not symmetry. But now we have a format, and we know that how to create professional RFPs, and it is really helping us to present our proposal to big customers.

Okay, so till now, I have discussed with you about the services and the challenges and all. But now I'm going to discuss you with my most, I can say that my dream product, I can say where I'm putting my lot of energy. This is a data flow manager product. We took approximately one year to develop this product. Whenever anyone developed the product, they say that the product is unique. So, if I will say that my product is unique, so it will not create any difference suddenly.

So, I will have to explain that why my product is unique. But before that, I would like to tell you one thing. Whenever you start any product, the major challenge is that finding a customer. So, until and unless you don't have any customer, you cannot say that your product is successful or your idea is successful. I mean if someone is spending ₹1 even on your idea, you can say that your idea is worth.

So, on this product, 1.5 months before we have made this product live and one customer, that customer is just $13 billion company, how $13 billion company, means their revenue is approximately $13 billion. And we have sold them this product at the cost of $40,000. Actually, cost is approximately $100,000, but we have given them discounted price because they were my first customer. So, we have got the first customer and this first customer is $40,000 for one product, it is a huge for me and for everyone in Ksolves, for you also.

Now I will tell you, okay so one thing I have covered that we got the first customer. We got the second customer also. That customer is going to be on board on 12th of May. And they will take three months for a trial. And after that, they will start using it. Now I will tell you that what is this product and why this is unique, and how it will help us. So, this product, we have developed using Apache NiFi. Apache NiFi is a part of Big Data.

In all over the world, approximately more than 9,000 businesses are using Apache NiFi. Apache NiFi is an open-source product tool, you can say that businesses are using for ETL purpose. So, what problem we have realised, all these 9,000, I'm saying that 9,000, honestly speaking, I think there are more than 9,000. All these 9,000 companies are deploying the NiFi flows manually. And to deploy one NiFi flows.

So let me tell you that NiFi flows. Whenever you need to deploy a NiFi flows, first you need to create. So, creating is something different and deploying is something different. So, we are taking charge of deploying. So, what we have observed that everyone is using those flows, but they are deploying their flows manually, not automatic.

And when we have asked them that how you are deploying them, they said that they are doing them manually. And it is taking a long time. It is taking a long time whenever you deploy the flows. I can explain to you more about the flows and NiFi, if you will get chance to one-to-one interaction, I can tell you more.

But I will tell you that how we have had to first customer. They were using approximately 50 nodes and 200 flows every week, they were deploying. So, I'm going very technical, okay? But in short, I'm coming to you. They were approximately investing $1.3 million per year for flow deployment. How I can tell you, if you want, you can write me e-mail or a call, I can tell you. But $1.3 million, they were using to flow deployment. We have made it possible just $40,000. So, you can assume that how much this is saving.

So now next question should be that do we have any competitor of this application? So, you will be very surprised, and you can search on the Google also, there is no competitor. No one is doing flow deployment through UI, one click means any person, me, you or anyone after getting three hours training. You can be the NiFi expert who will manage the flow deployment.

So now your question may be that, it's okay, but how it is going to help you in your business? So, as I said that 9,000 businesses are using NiFi. And suppose if I sell this application, this is a yearly subscription, 1% just, 90 businesses. However, the first sale was approximately $40,000. Maybe they were huge. They were a big business. They were using 50 nodes. I'm assuming just two nodes. So, for four nodes, four codes cost maybe $10,000. So, $10,000 multiplied by 90 is approximately $9 million. If I will be successful, then it can be.

Now the competitors of this product, okay? They are very big in the world of the technology, Big Data, they may contact us. That is my confidence, that they may contact us because this is something which they need. But if they will start developing from now, it will take one year to develop it. So that I have covered about the data flow deployment.

Now what I'm going to do is, what I'm going to sell it. What I'm going to sell it? So can you go back to the next screen, please. No, no. So here, you can see that events, data innovation event and DGIQ. This event is going to be start on this Tuesday. One is going to be in Sweden and one is going to be in California. We are going to attend both events at the same time. Two teams is going to attend these events. We are going to present our product there. And I'm very sure that we will get the traction. Why? I'm very sure. Till now, we have done 12 demos of this product, including Red Hat, Airtel and IBM. All these companies took the demo. They were very happy and they were amazed that no one has this solution.

So, getting a positive response from all these customers, I'm very hopeful that this application will be successful. So, suppose if this application is successful, what else we will achieve. Because these 9,000 businesses are not a small business. Because Big Data cannot be used by small businesses. They are minimum $1 million companies. So, suppose if we sell this application, we would be able to enter their home or enter their business. We can get other businesses also. We can get more work from their means; we can get implementation work.

So, it will be a kind of a lead generation tool, and a part of this, all these businesses need 24/7 support also for these technologies. I would request you that open the Google and search on the Internet that best NiFi support company, best NiFi development company, best NiFi support company, best Cassandra support company, best Kafka support company. You will see either first or second or third, maximum us.

So, we are the company who are providing 24/7 support at this level in India, okay and even on the world. So, any company who are using this technology, they need 24/7 support also for the compliance, for the insurance purpose. So, at this moment, at least 10 companies are taking our support. Recently, we have cracked one deal from Dubai, that company's bank. And another one is in the pipeline; the company is another bank. So, these kinds of customers, these kinds of businesses we are getting through Big Data. So, we are hoping that in Big Data, we are going to be a big, big, big.

Moderator: Can we now move to Q&A, please?

Ratan Srivastava: Yes, I'm done.

Question-and-Answer Session

Moderator: Yes, thank you. Yeah, so participants who wish to ask a question may use the option of raise hand. In case you're unable to raise hand, please send us a message on the chat and we will invite you to ask the question. We take the first question from Aswin Palaniappa. Aswin, please go ahead.

Aswin Palaniappa: I would congratulate the team on the...

Moderator: Aswin, can you speak up a bit louder, please?

Aswin Palaniappa: Hello everyone, good evening. First of all, I would like to congratulate the team on the success what have been achieved in the last year. And I would like to start my question with the last year's performance. So, I see that the sales growth has been impressive, while in the last four quarters, the operating margin see a decline. Is there a specific reason why the last four quarters see a decline compared to the previous year's performance?

Ratan Srivastava: Yes. Sure. So as Umang has shown you the PPT, in PPT, he has explained that approximately ₹2.40 crores is kind of a onetime or that was important for the business. For example, ESOP, this is onetime for this year. For example, Dubai. So, these kinds of expenses, we have added new expenses onetime. If you remove all these expenses, then you will see that our profit margin is there where I always claim. So only thing is that we have added new expenses, which were very important for us.

And the major reason is that the decline in the sales. If we could have even 0% growth, still our margin would have been better. But unfortunately, a lot of things happened in this quarter. In last years, this is the first time that it happened. But I don't say that I'm not going to give any that kind of reason that we don't know that why it happened and all. We are aware that why it happened. I have already explained you that why it happened. I hope that the next time you will see the improvement. And I have already given the guideline also.

Aswin Palaniappa: All right. Yeah, that makes sense. Even I was part of the last quarter presentation where you were saying like the minimum guidance would be like on a conservative note, it will be 30% every year.

Ratan Srivastava: Yes. Yes. If you remove all those expenses, you will see that we are above 30%. ESOP, Dubai and all. So that was important for us. So that is one time.

Aswin Palaniappa: Yes. Yes, that makes sense. Thanks very much. My follow-up question would be on that. During the last quarter, you said that DFM would be your dream project and you are going to pitch it to a telecom giant. And may I know how did that go?

Ratan Srivastava: It went very well. Initially, they said that they don't have time. They have only 30 minutes when they started, when we started presentation, they said that, they can extend the time. But as I said that, see, this DFM, you can charge on the node basis. So, the number of nodes, suppose if you have 50 nodes, then per node, you will have to charge $2,500, means $1,25,000. So, for this kind of decisions, it will take time. So, I'm very hopeful, if you will meet next to next week, I will have a better number, because in these two events, I'm going to see that how it is going to attract the customer. The product is amazing. Only thing is that customers should be there who are going to use it. That can be the only problem. Otherwise, it is going to be amazing.

Aswin Palaniappa: Okay. Thank you. One last question from my end. So, I hope that this product would be a successful one for you. And I see that from the presentation; the top 10 companies contribute more than 50% to your revenue. And was there any new client added in the recent quarter? Or what was the percentage of new clients that was acquired in the last financial year?

Ratan Srivastava: Okay. So, percentage, I do not have an idea, but new client, just we have added $600,000. That project has started approximately one month back. And that project customer is a U.S. based analytics and research company. So that is one new client, which is I can say that in one shot, we have added a big ticket. Apart of this, there are so many other things, which I have not listed right now. But pipeline...

Aswin Palaniappa: Okay. Thanks for answering my question. With that, I would like to wish all the best for the team for the upcoming quarters and the financial year.

Ratan Srivastava: Thank you.

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

Pranay Agrawal: Yes, thank you Vinay and thank you Ratanji for this opportunity. Thank you for explaining to us all the simultaneous challenges that Ksolves faced during the quarter. And it helps us understand what is happening in the external environment and what are the specific bottlenecks and challenges that a company like Ksolves may face. So, thank you for explaining that to us.

Ratan, as long-term investors, we understand that there will be some quarters which are good, some quarters which are not so good. And of course, if sales have come down, then margins will also be impacted. But if we were to really think long term, and that is always the guidance that you've given us that if we look at it from a three to five-year perspective as a business, we were confident of achieving a sales growth year-on-year of 30-odd percent and an operating margin around 35%. That's been our fundamental understanding as investors for the long-term.

Of course, given the fact that there will be a few quarters which may not achieve that threshold. But overall, from a long-term lens, that is the understanding that we've had as long-term investors. So, if you could just clarify that for us.

Ratan Srivastava: So Pranayji, thank you. So, if you compare last year expenses and this year expenses, we have added a few expenses. If you remove those expenses, we are still above 35%. For example, my salary. My salary, then we have hired this VP Engineering, Nishant, then Aseem, then Darpan. So, these are the hirings which has impacted the profit margin directly. But if you will see the impact of this hiring, you will see that in the long term, this is going to give us a huge benefit. It will help us to maintain the sales growth, because right now, we are sitting on the large base and this base is continuously increasing.

So last year, it was not required. But day-by-day, things are I can say that changing and we need more good resources, senior resources to manage all these things. So that is the reason, which you can say that the margin is not 35%. But if you remove these hirings and just calculate the revenue and the expenses, it is exactly same. If you remove my salary and other VP Engineering salaries, then Director programmes salary and all. So, you will see that we are doing the same thing, even more than 35%.

But we need all these things to maintain the sales growth continuously to sit on the better position. We need to travel. Last year, I think only three to four people travel out of the India. Day after tomorrow, nine to 10 people are traveling, five people are traveling to Sweden and five people are traveling to the U.S. This is not for fun. I will tell you; there's not further fun. We are going to have booths there. So many people will come there to know about us, to know about our services, how will be it, if one person will go there, how we will manage? So, to generate the revenue, now I learned that we will have to add some expenses also. But you will see the results very soon about all these expenses.

Pranay Agrawal: Yes. Thank you for explaining that. That has been our understanding that we are incurring this expenditure for the long-term growth of our business. So, a lot of these are non-recurring or front-ended, whether it is participating in exhibitions in San Francisco, traveling a lot overseas or the Dubai event that we attended or the new set of new team members that Ksolves has hired at a senior leadership role.

We understand that a lot of these expenses have gone up, because keeping in mind the future growth that we anticipate in the business. So, we understand that margins on an interim basis will be impacted. However, on the revenue guidance of 30% year-on-year for the next three years, which was the guidance from the management for the last two, three, four quarters now, are we still firm on that guidance of the 30% revenue growth for the next three years?

Ratan Srivastava: See, from here 30%, if you will say, okay, it means in next four quarter consecutives, definitely, I can make. Umang, can you correct me. Consecutive quarters mean 10%, 10%, 5%, 5% kind of. So, I can make. But if you will compare the year-on-year then, because this quarter sales got down. So, in that way, you would not be able to see. But in next four quarters, if you are saying that how much we will make, then I think that it will be more than 30%. Umang, am I saying the right thing?

Umang Soni: Not in that terms, but yeah, correct that we'll achieve a good growth in all the coming four quarters. But if you see on a yearly basis, due to the dip in the current quarter, on a percentage terms, it won't make 30%.

Ratan Srivastava: Right. So, if you will sum up the next four quarters that how much we have total got the growth, then it will be definitely more than 30%.

Pranay Agrawal: Okay. No, I think I'm still not clear about this revenue growth guidance that the company has given?

Ratan Srivastava: Umang, can you explain that what I want to say.

Umang Soni: Sure. So Pranayji, what the essence of saying is that we would be achieving a double-digit growth in the next quarter as per the guidance given. Following that, in the coming quarters, quarter two, quarter three and quarter four also, we would be having tremendous growth that what we can foresee from the current forecast. And considering this, if you see 10%, 10%, 10% compounding, which is what Ratan wants to convey, it is growing more than 30%. But on a yearly basis, you will see it could come around 20% to 25%, something in that range. So, the reason particularly being this quarter is dip.

Pranay Agrawal: No. So Umang, thank you for that. In the press release, you have stated that the guidance for FY '26 is a 20% growth in revenue. Is that correct?

Umang Soni: Yeah, that is annual guidance.

Pranay Agrawal: The annual guidance for '26 is 20% growth from the FY '25 numbers that we understand. Our understanding was that for the next three years, we have an aspiration to grow 30% every year in revenue. Is that correct, Umang?

Umang Soni: Correct.

Pranay Agrawal: Okay. So there has been a change in the guidance. Can we say that?

Ratan Srivastava: I don't think so, Umang, change in the guidance because of this dip, if you will compare, then you will see that we are not achieving 30%. But if you will consider that, we are starting from here, then you can say that, we are achieving for the next consecutive three years, 30%.

Moderator: Actually, just to clarify. The current dip is Q4 FY '25, which falls under FY '25. What he's trying to ask you is for FY '26, which starts from Q1 FY '26.

Ratan Srivastava: Then we can do that. If we will start from the Q1.

Moderator: So that's what he's asking that Q1 FY '26 to Q4 FY '26, what do you think will be the full-year growth versus FY '25?

Ratan Srivastava: Umang already explained that.

Umang Soni: That would be 20%. And coming on that, I would say 30% was never a guidance. We always told that, it is our aim that we'll try to maintain 30% and because of this quarter's dip, it has been revised to 20%, we can say. And we'll surely try to achieve more than that. We are working on it.

Pranay Agrawal: Okay. Thank you for that. Ksolves has built a lot of trust with its employees, its customers and its stakeholders over several years, and it has a very good culture. So, I wish you all the best. And I look forward to the next few interactions and best of luck to the entire team of Ksolves. Thank you.

Umang Soni: Thank you.

Moderator: We'll take the next question from the line of Rushabh Doshi. Rushabh, you can unmute and ask.

Rushabh Doshi: Yeah, hi Ratanji. So even I had a question on the growth part only. So, because in the press release, you've mentioned 20% revenue growth. And in the presentation, you said an EBITDA margin of around 25%. So, one thing I just wanted to point out, like if the revenue in Q4 is lower, that brings your base down for FY '25. So, it actually makes growth much easier in FY '26. So, my whole point of the question is that if we grow at, let's say 20% for the next entire year and our margins again drop by around 5 to 6 percentage based on your guidance, our EPS or PAT based on my calculation, would again be flat for this year. And if we assume a 1% to 2% dilution, because of the ESOP, we could see even a negative EPS growth. So, if you could just help or just share something like or is my assumption correct? Or am I wrong somewhere?

Ratan Srivastava: Umang?

Umang Soni: Okay. So, on the same lines like I would say that we would be growing at a much faster pace than what we have grown. And if you see because of this quarter's dip, in percentage terms, it would be lower. But overall, the business is growing to be more than what we have grown from ₹108 Cr to ₹137 Cr. So that's the whole point. Because of the pie increasing, the percentage is getting contracted. But in a business term, we are increasing more than what we have increased in FY '25.

Rushabh Doshi: Also, could you mention like what would be a sustainable EBITDA margin? Because we have seen quite a significant drop from around 42% to 35%. And now we are again expecting a more drop in this year.

Umang Soni: See, we are now transitioning to a more mature business model, and we are adding a few processes as we are getting bigger and our client profile is getting such that we have a few processes in place. So that's the whole point of these expenses so that it builds a longer...

Ratan Srivastava: See I agree that our profit margin got dropped. But if you see that why it has dropped, then we have already explained that the sales is down this quarter. So overall, if sales would have been the same, which was last even 0% growth, this question was not there. So only because of the sales, everything is down this quarter and the year-on-year got also affected. All three quarters, we have done very well. Even last 19 quarters, we have done excellent, except this quarter. This quarter went wrong, and I have explained everything that why it went wrong and it will not happen again. In 20 quarters, it is the one quarter where things are not in our favour.

And if it would have been the same growth, I think that we could have a different type of call today. But unfortunately, this time is not in our favour, but this is not the case that it will happen every time. I'm very confident I have already given the guideline after two years, this time. I was hoping that these kinds of questions we will get. I always try to avoid giving guidelines. Even I was always sure that what I'm going to do. In every call, investor call, investor asked that what will be your approach, what you will achieve and all. But I always try to avoid.

This is after two years when I have given the guidelines just to assure that things are in our control. It happened first time since IPO, we have launched, and we are enough mature to understand that what went wrong, and we can correct it simply. And we have already taken the step that how we can correct it. And you will see the result. I have given the guidelines, then I would say that just wait for a few things, a few months. You will see the result.

Rushabh Doshi: Also, like could you share the product revenue for this quarter?

Ratan Srivastava: See, this quarter, we have made only $40,000 with that product, but what I am aiming because that was my first sell. And it took approximately more than three to five months to convince the customer. Actually, I'll tell you one thing. I could have get more than $40,000. But what they said that if you will raise more than $40,000, then VP will approve, it will take another two months. And I was in rush, why I was in rush, it was not just for the sales. I wanted to motivate my team that; we have done something where people are ready to buy it.

So, it has given them motivation to get. They have spent a lot of time, day and night, they work. So, things are in the right direction. So that's why I was in the rush. But now, I'm not in the rush. Just wanted to tell you one thing that we are going to attend also Gartner event. Gartner is I can say the prestigious event where one ticket cost is $4,500, only CEO, CXO-level people come there, not visitors are allowed. In that event, we are hoping that we will get a lot of contacts. We are also going to represent there. We are also going to share the stage there. So, we are doing a lot of things. You will see the result. I will say that just give us a few months, you will see the results very soon. This DFM is going to do something amazing, which I think that you will be surprised.

Rushabh Doshi: My worry was just that the numbers which you provided, the guidance, that was leading to a flat EPS again. So that was only...

Ratan Srivastava: Do not worry about that thing. That is just a onetime. So, you will see the improvements very soon. We have done a very good job in the last 19 quarters. So, this is a case of just one quarter, okay. So, I hope that we deserve one chance.

Rushabh Doshi: Yeah, absolutely. So, I had one accounting question also. Like in the cash flow statement, there's an increase of around ₹4.63 crores in noncurrent liabilities. So, what is this? And also, the ₹9 crores, which we borrowed, would that be repaid in like Q1 this year or it would continue.

Ratan Srivastava: Yes, it will be repaid and that was not a requirement. But what we did that we thought that we should have some history also with the bank. So, in case if we need any loan, it will be very easy. So just for that thing, we took a very small loan. But about that thing, 4.5, whatever, CR, Umang can explain you the reason?

Umang Soni: That is particularly due to leases, right-of-use assets and the lease liability recorded.

Rushabh Doshi: Okay. I just had one last question to Manish. Like yesterday, Cognizant's management team mentioned that currently, 20% of their code is now being written by AI. And they are aspiring to go to somewhere around 50%. So, could you just explain for Ksolves currently where we stand for the services and for the products division separately?

Manish Gurnani: So, see, we are also leveraging AI to generate code, right? But understand one thing, right? This will be okay for those technologies where you're not running into complex, you're not using complex technology, right? Let's say you're writing up a web application, right?

I can use Gen AI to generate almost 60% of the code, it will be all okay.

But for a complex technology, let's say, like NiFi, for which we are building DFM, right, or for something, let's say, something on Big Data, right or something on AI/ML, right? The core generation, it will not be very accurate. There's a separate skill set altogether for that, we call it prompt engineering. But it's a separate skill set altogether.

We are leveraging and we are training our employees also to generate it. But it will not be I would say, we are not going to say that we'll be generating 40% of our entire code through Gen AI. It is still being used and it is being, I would say used incrementally in all divisions. But certain divisions, they will need more time because the complexity of the platform itself or the technology that we use, it is not yet possible by Gen AI to generate that level of code accurately for that, then we will rework for that.

Rushabh Doshi: Yes. Also, like how does the accounting work for the product division, Umang, like is it a license fee kind of thing? Or do you amortise it over the period of the contract?

Umang Soni: No, no, we are amortising it over a period of contract for the revenue side, yes.

Rushabh Doshi: Okay. So, this $40,000 is annual?

Umang Soni: Yes.

Rushabh Doshi: Okay, yeah, thanks. That is all from my side. Best of luck for the subsequent quarters.

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

Gaurav: Hi, team. Good evening. I have just one question. Do we have any other product in the pipeline apart from DFM on which you are working currently?

Ratan Srivastava: Our total focus is on the DFM. Even I am working 24/7, a part of the, when I'm sleeping, I'm working only on the DFM.

Gaurav: Okay. And the connected question is, how much percentage do you spend on the R&D of the new products also, like which can actually scalable and which can add on to your product pipelines?

Ratan Srivastava: Right now, honestly speaking, we have spent a lot of money for the DFM also already, so we are not spending other, we are not spending money on other ideas or other products. We are focusing only on the DFM, one time, one product. We are already getting a lot of traction. Whenever we are showing this demo. So, we are focusing only on the demo, no other ideas.

Gaurav: Okay, thanks. That's the only question I had. All the best team.

Moderator: Thank you. We'll take the next question from the line of Dhiraj Dave. Dhiraj, you can unmute and ask. We'll take the next question from the line of Ishan Sengar. Ishan, you can unmute and ask.

Ishan Sengar: Good evening. I only have one question. When could we expect the operating margins to come close around 40%. If you can give any guidance.

Ratan Srivastava: 40%. Anyone is doing 40%?

Ishan Sengar: Two, three quarters back, the company was consistently generating 40%. So, if we could again...

Ratan Srivastava: It was very small; base was very small. I was not taking the salaries and all. So that's why we were getting that. So now I don't think that we are going to reach that number.

Ishan Sengar: So, we will get around 30%, 35%.

Ratan Srivastava: We will try 30%, but we cannot give you the words. It is not something that we will not generate the business. We will not do the business. But at the same time, as business will grow, maybe expenses will also. So, maintaining the same profit margin. I think that still if you say that we are on the top in the comparison of other companies. But 40 is, I don't think that I can imagine now.

Moderator: Thank you. We'll take the last question for the day from Dhiraj Dave. Dhiraj, you can ask.

Dhiraj Dave: Yeah, Ratan. Thanks a lot for providing me opportunity. And congratulation to team Ksolves. Two questions, I had, Ratan, one specifically, Ratanji, if you can give some insight. See, you had been very lenient in providing dividend. And if the circumstance if we are seeing that we are preparing ourselves for the next phase of growth, as an investor, what should we see as a dividend? Because if I see last year FY '25, we have given actually almost more than what EPS has been. So shall we look at something like 75% to 80% or something whatever management decides in this kind of it. But if you can communicate that, that will make things better for investors as well. Any thought on that?

Ratan Srivastava: Sure, Dhirajji. But before that, I would like to add one more thing which I could not get chance to add here because this is the common investor call, if I will add it, it will go on larger platform. I will cover your question, but let me add this thing. The last three to six months, I was trying to acquire companies for acquisition. I was looking for acquisition. Unfortunately, I tried my best. I mean I tried my best, but unfortunately, I could not get any company for inorganic growth.

So, I thought that what can be the next? If I will go in the same way by maintaining the 35% margin and the same growth, will I be able to sustain this base ₹108 crores or ₹130 crores if I'm not going to add anything. Then I thought that there is another way, which I should use, hiring better people, investing on the events, changing the sales strategy, changing the project acquisition strategy. And so that's why you can see that it has directly impacted my operational profit margin.

If I could have done some acquisition, maybe, then the things were different. But if I'm choosing this way, then it means inorganic growth is not possible. And if I want to maintain the organic growth with higher speed and all, then in that case, I will have to spend money. And this is the reason you can see the decline in the operational profit margin. Now I have covered this point. For your question, Umang, over to you.

Umang Soni: On dividends, yes, we'll continue to give dividends, but not on a fixed policy or like we'll give it. But as and when we generate and we see any other opportunities, we'll be reducing or increasing the dividends. But yeah, dividends will continue.

Dhiraj Dave: Fair enough. I appreciate that part. Second, small part during the presentation, you said that now you are getting into a territory whereby you are implementing projects and taking responsibility rather than just providing your manpower. And somewhere Ratanji did mention that we also give some kind of guarantee. So just wanted some idea. Is this guarantees are kind of financial guarantee. Or is there any kind of thing on that?

Ratan Srivastava: Guarantee means we are taking the responsibility to deliver the project on time with quality. So that is, I mean that...

Dhiraj Dave: No, wish you all the best. And we see then probably much better shape as all emerge and we all are also happy as a stakeholder, and we appreciate your effort. Thanks a lot.

Ratan Srivastava: Thank you.

Moderator: Thank you, Dhiraj. That is the last question for the day. Would you like to give any closing comments before we end the call?

Ratan Srivastava: Yes, sure, sure. So, as I said that it was our 20th result. Last 19th result, we have done continuously sales growth. This is first time you can see the decline in the sales. And I have explained the reason that why it has declined. And the decline in the OPM also, I have also explained that what is the reason behind declining in the OPM, why OPM is declined. Profit margin is below whatever we said earlier.

The reason is that earlier, as I said, that acquisition and also, so trust me and Ksolves, we have already given the guidelines for the next quarter and for the year also, after two years, first time, after two years, first time. So just give us a few months, you will see the results. Very good things are coming together, and you will see the result. I'm very much optimistic. Sorry, I'm positive about this. It is not something that I'm optimistic. I'm very positive about this because we are doing well. We have pipelines. We can see that how things are coming together. So just wait for a few months. You will see the result. Thank you.

Vinay Pandit: Thank you. Thank you to all the participants for joining the call, and thank you to the management team. This brings us to the end of today's conference call. You may all disconnect now. Thank you.

Umang Soni: Thank you.

Ratan Srivastava: Thank you.