“3i Infotech Limited

Q4 FY '23 Earnings Conference Call”

May 08, 2023

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MODERATOR: **MS. ASHA GUPTA – E&Y LLP -INVESTOR RELATIONS**

Moderator: Ladies and gentlemen, good day and welcome to the 3i Infotech Limited Q4 FY'23 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded

I now hand the conference over to Ms. Asha Gupta from EY. Thank you, and over to you ma'am.

Asha Gupta: Thank you, Darwin. Good afternoon to all of you. Welcome to the Q4 and Full-Year FY'23 Earnings Call of 3i Infotech. The results and investor presentation have been already mailed to you and you can also view it on our website at www.3i-infotech.com. To take us through the results and to answer your question, today we have top management of 3i Infotech Limited represented by Thompson Gnanam, Managing Director and Global CEO; Harish Shenoy, COO Professional Services and Chief Risk Officer; Sanjay Rawa, Chief Financial Officer; TS Mohan, Chief Human Resources Officer; Sax Krishna, COO, Digital and NextGen business; Varika Rastogi, Company Secretary & Legal Head.

Thompson who will start the call with the business update, which will be then followed by Sanjay, who will provide an update on the financial performance. TS Mohan will give an update on people strategy, Harish will update on global risk and compliance, Sax Krishna will give an update on Digital and NextGen business, and then we will open the floor for Q&A session.

As usual, I would like to remind you that anything that is said on this call that reflects any outlook for the future or which can be construed as forward-looking statements must be viewed in conjunction with the risks and uncertainties that we face. This risk and uncertainties are included, but not limited to what we have mentioned in the prospectus filed with SEBI and subsequent annual report that you can find it on our website.

With this, I will now hand over the floor to Thompson. Over to you, Thompson.

Thompson Gnanam: Thank you, Asha. Good day to everybody. Welcome and thank you for participating in our Q4 and FY'23 Earnings Call. I'm delighted to have all of you to join us today as we discuss our financial performance for the quarter ended.

Before we dwell into details, I'd like to express my gratitude to our shareholders, analysts, and investors for their continued support and trust in 3i Infotech. We recognize the importance of transparency and open communication and this earning call provides us with an opportunity to share our progress, challenges, and plan for the future.

Over the past quarter, 3i Infotech has continued to demonstrate resilience, adaptability in a dynamic business environment. Despite the ongoing global challenges, we have remained steadfast in our commitment to deliver innovation solutions, foster our strong relationship with our clients, and drive sustainable growth.

Throughout this call we will discuss our financial performances, highlights key milestones, address market trends, and provide insights into our strategies way forward. Our management

team will present a comprehensive overview of the quarter followed by an opportunity for questions-and-answers.

We are pleased to inform you that our fourth quarter performance was in line with expectations. We recorded a revenue of INR 190.5 crores with a gross margin of 16% with a quarter-on-quarter improvement from 12.5% to 16% sequentially.

For the current financial year, revenues grew by 7.7% to INR 729.1 crores, with a gross margin of 12.5%. The noteworthy achievement for the fiscal year performance is clocking a PBT of INR 9.4 crores. With Q4 exit gross margin run rate of 16%, we expect to generate INR 120 crores gross margin at a base revenue of INR 730 crores for the next financial year budget. This will enable the organization to turn positive at an operating EBITDA margin level and to create a scalable, sustainable service business model.

Our India business region has grown tremendously with 27.5% increase in revenues compared to last year. This revenue contribution for the quarter is INR 75.9 crores and for the year has been INR 267.3 crores. We expect the momentum from India business to continue in this fiscal year also and help us to overcome global headwinds in other western geographies.

We have onboarded 16 new logos in Q4 and 46 logos in FY'23 and have a big potential to develop and increase the order book vis-a-vis new MSAs we have signed, now focusing at least a INR 100 crores based on our new products and platforms.

In FY'23 we made major investments in new service areas such as NuRe Edge, another NuRe line or services and FY'24 is a year of execution for 3i Infotech. As per our vision '30 statement, we have set the immediate goal in three years to reach $100 million, which we have come really close so far. Going forward, we believe we should be in the range of INR 825 to INR 900 crores for FY '24 at the lower and the higher end of the revenue aspirations. We believe this growth will be achieved while maintaining a positive EBITDA margin.

I'd just like to take you through our segment performance. Our AAA, which is our application, automation, analytics contributed 40% of our total revenues and gross margin of 41%. And AAAs highest revenue contributor was INR 520.8 crores in FY23 and INR 130.4 crores in Q4 FY'23, followed by IMS, which is INR 98.2 crores.

Our client concentration remains very healthy for the quarter with top five, 10 and 20 clients contributing to 11%, 27% and 41% respectively. And as a focus area, we'd like to expand multiple lines of businesses within our key accounts.

To summarize some few business highlights, and we will see the teams expanding on some of these points, we won the first B2B2C deal of RailTel offering WiFi monetization on railway station networks with a potential of deal size of INR 1,000 crores over 5 years on a minimum. Conservative forecast, and my colleague Sax Krishna will expand on this as he talks about in detail. With Oracle CoE in Tirunelveli being operational and billable, I've made a way to win operational or Oracle transformation deals, namely SBI General in the digital and next gen business as well.

Digital IMS has grown with revenues to INR 98.2 crores, 18 new logos added to its bucket. At the name of you, right from HPCL, IOCL, we have expanded data center contracts in IOCL, which is a new contract over and above our current contract, Dhan Lakshmi Bank, etc.

In FY '23, the Future Tech business, which is in collaboration with IIT Madras, is evolving very quickly, and with deep tech R&D, and especially in computer vision NLP and audio analytics to solve business challenges in healthcare and other industries.

We are conducting behavioral analytics POCs and pilots in universities in the U.K., and co-developing CXO cockpits for primary and tertiary healthcare in the U.K.

Now coming to the way forward and the focus for FY '24, the new 3i is poised to take advantage of rapidly changing global economic landscape by leveraging its agility and nimbleness as a challenger. The company will create very highly customized country-specific business models that will deliver significant value at the right price. It will focus on driving onshore high-margin business using sovereign cloud-led digital insights and AI-enabled services.

3i, will also leverage its investment in its NuRe-led branded platforms and products to solve business problems, anddrive outcomes for clients by providing complementary services that coexist with legacy systems. The companies will enable customers to monetize, and extract the fullest value for their assets, reduce capex spending during the downturn. In addition to its traditional BFSI focus, 3i will target mid-tier companies in telecom and entertainment, manufacturing, and healthcare verticals.

Coming back to certain organizational priorities, I want to just summarize some of them and leave the thoughts with all of you. The organizational priorities will be, as we said, this is a year of execution. Execution excellence will be a key priority, delivering quarter-on-quarter profitable operating margins and ensuring predictable business model for our shareholders. Rebrand and reposition, build our value brand under the NuRe brand in both services and products along with our 3i brand. People-centricity, drive performance-driven, our value-based culture across the organization to become a challenger.

Leverage the recession. I think this is a great opportunity, the macroeconomic downturn, to relaunch ourselves in the Western market as an innovator. Challenger and disruptor, aggressively compete with the tier-one, tier-two peers as a value partner at the right price. So, these are clear organizational priorities for us for this year. And if I try to dwell deeper into a bit of business priorities, number one for us is defend and protect the U.S. professional services, and it's a very important strategy. Harish and I is taking up the additional responsibility of COO services that will be based out of the U.S. as a key organizational change for this particular priority.

Country-specific business plans need to be extended based on changing macroeconomic and geopolitical situations. We need to expand the enterprise businesses. We have done extremely well in India. You saw the growth of almost 27.5% in terms of digital infrastructure management. We want to see how we can use this as a growth strategy in the USA and the U.K. as well. Execute BFS COE business plans for U.S.A. and India, and Sax will expand more on

this as many comments about this. We also want to expand on the digital BPS CLM business in the U.S. and U.K.

Definitely we want to monetize the cognitive computing services, CXO cockpits in the U.S. and U.K. Monetize the new 3i investments we have made in Malaysia to accelerate our ASEAN business, which is also a great opportunity to recession-proof us in these tough environments in the Western world. And launch the mid-market TME vertical in the U.S., UK, and Europe. So. these are very clear business priorities where we want to build on and take it to market. And last but not least, get our RailTel business off the ground. We are going to give a commercial launch that will allow Sax to expand on this. This is going to be a great game-changer for 3i as a B2B2C business.

So once again, I'd like to thank you for joining us today. We value your continued interest in 3i Infotech, and we look forward to sharing our achievements, addressing your questions, and exploring the path ahead. I will now hand over to Sanjay Rawa, our CFO, to explain on the financial update.

Sanjay Rawa: Thank you, Thompson. Good afternoon, everyone. I would like to provide key highlights of the financials for the quarter ended on 31st March 2023. Quarter-on-quarter revenue growth was at 4.5% from INR 182.3 crores to INR 190.5 crores. This has been primarily due to our India region growth. For the year ended 31st March ’23, our revenues were at INR 729.1 crores vis-a-vis FY ’22 revenues of INR 677 crores, reflecting annual revenue growth of 7.7%.

On the other expenses part, I'd like to give a highlight that for the quarter ended 31st March 2023, we are in line with our earlier quarter numbers. There has been a slight increase due to some travel expenses which were there on the growth-related areas which we had to spend. And certain areas wherein we had to, as project-based revenues which we had to consider as a provision for the quarter.

Going forward, on the foreign exchange gain loss, we had a one-time loss of INR 10 crores for the quarter.this was due to the rupee getting strengthened against the dollar for the quarter. Overall, for the year, we ended with an overall gain of INR 71 crores which has been the prime highlight forour PBT and PAT to be on a positive basis.

Going ahead on the balance sheet, I'd like to give the key elements of our balance sheet. Fixed assets, we had certain areas wherein we had to, our CVP has grown by INR 34 crores for the quarter we had a Vashi property which we had to reinstate back due to the, you know, the essential property that we had sold back but we had to get it back again in our books. Our cash balance for the quarter has reduced by, overall, during the year and for the quarter has reduced by INR 60 crores. This was primarily due to fund our operational losses, the losses that we had and our capital work in progress.

DSO stands at 61 days for the year, which was primarily due to certain government customers' collections which could not happen but that we target to happen by the first quarter of this year. So, these were the key highlights on the overall financial numbers.

I'd like to hand this over to Sax Krishna for his further comments and then take on any further questions that may come up.

Sax Krishna: Thank you, Sanjay. I'd like to take a leaf from Thompson's comments a little earlier. This is the year of execution for 3i Infotech. We have invested in multiple engines of growth which make up our digital business and NextGen services portfolio. This year we will show execution of these businesses to monetize the investments. I have taken the responsibility of this execution this year as the global COO of Digital and NextGen businesses.

As we have reported before, we've been steadily building IP competencies and capabilities in area we chose that can disrupt the marketplace and provide solutions for unsolved business problems. To name a few of these are our NuRe cloud and related products, and NuRe FutureTech, our Oracle CoE,, NuRe campus and Digital BPS. There are others which are more services-led, which also have an equal impact both on our existing and other customers that we'd like to serve.

On NuRe cloud, our objective is to create sovereign clouds, not just at the country-level, but within the country at the industry level. For example, we are planning to launch a sovereign cloud in North America just to cater to the credit unions, which are like small and mid-size banks with a nonprofit organization charter. I will talk about this a little bit more detail as I go through my comments. Our current sovereign cloud in Malaysia is being promoted as a hybrid cloud offering so legacy Oracle environments. We are also promoting the sovereign cloud as a disaster recovery as a service, both we believe our, in quite demand in this recession centric online.

The NuRe FutureTech tech unit is developing AI, ML, MLP, and computer vision-based products, Thompson referred to this a few minutes ago, which we will which will become IP assets eligible for valuations. But on a near-term basis, we are winning business which uses the skills to deliver solutions like the AI ML-based dynamic demand forecasting for spot energy purchases, which has a huge impactor cost impact on energy companies. We have just won another contract to develop a 360-degree view of our clients end customers that will help the banks increase their cross-sell ratio and proactively increase wallet share.

Another initiative that I am personally leading and quite excited about is the WiFi monetization project in partnership with RailTel. This business falls under our Meridian MediaTek and it's actually specifically called NuRe Bharat network, which we are officially launching next Monday. This opportunity has again impact on multiple dimensions. As some of you know, Indian Railway network is the 4th largest network in the world, about 68,000 kilometers of track, 7,325 railway stations. This is a staggering number when it comes the amount of populist, they are actually uses, this network. 23 million passengers travel on a daily basis.

It's almost one Australia as an entire country going through these stations and railways. These passengers are going to increase as we speak in the coming years. Our opportunity is multi-fold. One is to create the social impact of getting small businesses that's spurned in these rural and the true heartland of India called Bharat into the digital framework so they can get access to markets across the country. So that's — a socio-economic objective. It drives economy, in line with the vision for India.

The second aspect is the access that sellers can get to these markets which they don't do today digitally. The only way they can do it is as print and billboard ads. Today, we are giving them an opportunity. The sellers across the country to reach-out to these buyers, this 23 million passengers that come the railway stations everyday. So that's the second opportunity.

The third opportunity, of course is to monetize what was otherwise the free WiFi provided by RailTel network to make our shareholders wealth on both ours and RailTel side. So that's RailTel opportunity in a nutshell, if any questions we can answer that more in detail. There are a lot more digital business growth initiatives we are executing this year. But in the interest of time, let me highlight one more business that has multi-dimensional impact, which is our North America BFS strategy for business.

After in-depth analysis of the markets and advice from analysts, we are clear that the credit unions and mid sized banks are a conducive market segment where we can not only make an impact of the industry, but also use this to expand our presence in US, including local delivery of services. In the past quarters you may have heard our CEO, Thompson speak about going more local, global, which is global but local. This is one strategy which will help us because these credit unions are spread across the country in the United States and to service them you need to be proximity to them, you need to be close to them. So, this gives us an opportunity to expand our services and become more local and close to our customers.

We have referenceable experience in digital banking, data journey from fragmented databases to one integrated data like house. And finally, next best action based advanced position support systems for this industry, for the BFS industry. These are referenceable experience so we can use to replicate and serve other credit unions and mid-size banks. We also provide digital transformation of compute infrastructure and contact center. So not to have missed the lower-end of the stack of their enterprise IT architecture. These and other engines of value are going to become the drivers of digital business and NextGen businesses this year. And I'm excited to have the opportunity to lead a very talented of high-octane team to achieve our goals this year.

Thank you. I'll pass it on to Harish.

Harish Shenoy: Thank you, Sax. Good afternoon, team, and thank you for joining this call. So, as you all have been part of this journey with the new management for the last two years you have to have realized that we have stabilized the operations to a great extent from where we started in March, April '21 to where we stand today. So. As we have to change as we grow, I will be taking the new role of COO of Professional Services that will be spread across the globe and it will cover all sorts of human resource engagement with various customers that we have and with the new customers as well.

So, it has been an interesting journey so far. And as we are doing deep-dive analysis of this particular line-of-business across the globe, we see that we will be facing good headwinds in the US because of recession hitting them. So as a risk mitigation, we are trying to work out on innovative solutions. They're trying to get them low-cost near-shore resources rather than depending purely on H1 or the local green card resources and there are very other similar initiatives that we are working on. So that way we are competitive in the markets there.

And at the same time, we see a lot of potential in other parts of the globe. Especially, Middle-East and Asia-Pacific, where we have strong relationship with our existing customers and also potential to grow there. So, we are also ensuring that our business is driven based on center of excellence rather than transactional resourcing projects. There are clear plans for each of the accounts which we have worked out based on the tech stack that they work on, and our center of excellence SMEs are very actively involved with each of the customers to ensure that they get the best value for the money they have.

In this journey, we are also working on to ensure that most of our staffing contracts get converted to managed services contracts so that revenue stream becomes more predictable rather than being vulnerable to abrupt contract conclusions. So, to give a quick view about how we are approaching the professional services business as an organization.

On the risk management front, that we are the captive type where in this organization, two years of operations, running an inherited business which has got lot of legacy issues we have had substantial learnings as to what all has pulled this organization back when we are running our operations. So, we have compiled that entire list. Based on that we have redefined policies across the organizations, processes across the organizations. The risk analysis gets initiated right from the point where we are initiating a deal, running it through the delivery process, and also ensuring that the revenue life cycle is also taken care of when we are assessing the risks.

So, what differently we are trying to do here is, it's not only the probability and the impact model that we are looking at, it's also the time element that we are looking at as to when the risk will hit us and how we can mitigate that. We are also focusing on controlling it rather than just monitoring it. We have also devised processes for early warning indicators rather than reactive risk mitigations. So, there are a lot of initiatives that we have taken on the risk management aspect also so that we are not taken up by surprise and like there are huge project operations, business strategy risk that we run through. And we have as an organization, we are slowly graduating to a quantitative risk assessment as we have digitally transformed our internal process. I think that's a quick overview about the professional services and the risk management activities that we are doing.

So, I hand it back over to Mohan.

T. S. Mohan: Yes, thanks Harish. Hi everyone. Thanks so much for joining the earnings call for the Q4. So wanted to share quick snippets on human resource and talent during the financial year 2022 to 2023. We as an entity have grown by 733 net headcount. Primarily, this headcount increase we have seen in India corresponding to India growth. While we are growing as an entity like, we shared in the previous year's call, our continuous effort to stay positively engaged with employees resulted in 5% reduction in our overall annual voluntary attrition from 34% to 29%. While some of the key attributes of the headcount increase, we have seen and experienced in the stated direction that majority of this headcount got added to the value-based business. That's where we saw the ratio of the value revenue increasing in line with the headcount increase.

I shared last earnings call that as a culture for 3i Infotech, we moved from a role or individual-based performance to the organizational performance-based culture. Hence last year, we have

institutionalized company performance weight and individual performance weight to measure each and everybody's contribution to the organization. For the year 23-24 we further enhanced to bring a weight of individual performance to the individual business unit or functional performance to the company performance.

So now there are three variables to really induct everybody into the organization and build an umbilical cord to individual performance leading to the company performance. In the same direction, we have also been very professional in terms of taking talent actions across the leadership for the growth as well as our placements. So, while we go moving in this direction, we are cognizant of the contribution by the non-billed cost to the revenue and we have institutionalized processes now in place to utilize the support cost or unbilled cost to the larger revenue sizes and recast to agile model of investing support cost to the revenue projections.

So, this is what I thought I will quickly update all our investors. Thank you so much. Thanks for your time.

Moderator: Thank you. Yes. Thank you very much. We will now begin the question-and answer session. The first question is from the line of Diwakar Pingle from Ernst & Young. Please go ahead.

Diwakar Pingle: Hi. I just thought to kind of kick start the proceedings with a couple of pointers which I thought would make some more information available to the investors. I think, Thompson, one of the questions that I want to start off with is that we had a guidance of about INR 760 crores as a top line for this particular year. When I look at the numbers obviously those targets have been missed and possibly the reason that has been given is because of the US professional services. So just want to understand, how does the next year pan out? Because obviously, for that year we have another number which has been stated there. So just want to understand as to the reason for the miss and how does the next year pan out in terms of your revenue targets?

Thompson Gnanam: Thanks, Diwakar for the question. So, that probably helps us set into this entire Q&A basically because I still remember last year, we were just one year into as a new management team, and we wanted to kind of set a very stiff target for ourselves and we called out a blood commit. A lot of my shareholder friends keep reminding me that we said we will do a INR 760 crores, , where we exited INR 676 crores. Even now if you look at our Q4 numbers and some of the performance, the profitability we are keeping those top line and GM numbers. The reason why we could hit those numbers where we had unforeseen challenges in the US market scenarios, which changed dramatically. And especially also, not only the market, I think, we lost a lot of resources to green card. very early as well. So, these are some of the US-centric challenges, which did allow us to hit the INR 760 crores. We are short there on INR 30 crores. But broadly, it somehow, we manage in some of the other areas and we kind of, India grew very well, compared to US and continues to have that momentum. Some of the other geographies are doing that similarly.

So, to your point, yes, of course, for this year, we are taking corrective actions. We have made the organization structure design changes as Harish said. We are strengthening our North America presence of senior leadership being on ground to drive this. So, beyond Sax, we also

have Harish and other senior colleagues to kind of take this strategy ahead and reinforce us Diwakar.

Diwakar Pingle: Thanks Thompson. I think, the second notable point obviously, I look at it personally. India's stand-alone performance seems to be kind of working out. How do you see that for the coming year? How will India perform? I mean, given the general conditions in the IT exports market all over the world, do you think, you are at a slight advantage, or do you think, there's nothing more to it?

Thompson Gnanam: It's a very interesting question, Diwakar, because normally I keep explaining this to the various calls if you look at it. Normally, I'm challenged by saying that why is our market so low compared to peers, and then we have to tell our shareholders and investors that the revenue mix is predominantly domestic because we do more of America-to-America business or an India-to-India business and very limited, relatively very less India offshore business due to our product legacy which we had.

In the current scenario, I would say, it's a blessing in disguise and an advantage for us because this India-to-India or domestic country business kind of makes us recession-proof. In fact, we are very bullish about the domestic growth. Even in America, like Sax said, the domestic growth is good. There's resistance for offshoring. Every country is now looking at how to preserve the jobs for themselves. So that's the positive I see, the silver lining for us as a strategy for this year. And this will help us dump these headwinds which other peers are facing. Especially India for us, it looks like an extremely powerful outlook for us.

We are already existing with a INR 25 crores run rate, which is pretty good for us, we are talking about an exit of INR- 300 crores even at this point of time, just for India business, which exited around INR 267 crores, which is very positive for us as an organization. And we'll have to work on the gross margins, of course, where that is as we drive these top-line growth, we have to work on the India gross margins. So even if you're able to remove some of the non-profitable businesses in India, we should be able to comfortably hit our own 14%-15% gross margin from where we are today.

Diwakar Pingle: I think that's nice to hear, which brings me to my next and possibly final question before I think there are a bunch of investors waiting to ask. So, I'll kind of, how do you look at your EBITDA margins going forward, Thompson? I think that is a key determinant from, while you just talked about top line improving, obviously the thing that would kind of, investors will be looking at is how is your EBITDA profile going to be going forward for the next full years?

Thompson Gnanam: Absolutely. As I said, if you look at our quarter-on-quarter as well, we have been systematically improving on operating EBITDA. Even if you look at, dissect our numbers for this quarter, we've been able to digest EBITDA around INR 3.6 crores negative, which is far better if you look at a cumulative H1, H2 comparison, we have dramatically improved our performance over how H1 and H2, and we are systematically movi.ng that. Except for a few variations and variables which have hit us. So, we are very close to a breakeven point, that's very clear. Even if you look at the quarter-on-quarter, the quarter numbers is, like, what Sanjay highlighted, so predominantly in the overall year, we had gains and losses with regard to foreign exchange. And Q4,

unfortunately, obviously, the rupee was stronger, and we lost, but if you look at the overall year, it's been positive. We've been, our EBITDA positive because of that.

But coming back to your moot question, from an overall operating EBITDA perspective, the way I would look at it is, if you look at our numbers for this year, we are talking about INR 190 crores for Q4, and our gross margin has gone up 16%, which is a dramatic increase over quarter-on-quarter. So that is a very important positive indicator for the organization because I also spoke about it in my earlier comments as well, I'll justify this extrapolate by Q4 performance of 16%, I'm talking about INR 120 crores gross margin on the same base of INR 730 crores for next year, as simple as that.

So today we are at around INR 91 crores, you are talking about INR 120 crores. If you look at it, it's a straight INR 29 crores upside, which will clearly offset the current losses. So, I look at it, why we are moving on a very, but steady, sustainable, profitable operating margin. Because with the constraints that we have in terms of the gross margins, in fact, above business we do, but this moment of 16% on quarter 4 is an extremely positive outlook, the way I look at it.

Diwakar Pingle: Thank you, Thompson. That's nice to hear. I'm done, operator. I think you can take the next person in the line.

Moderator: Thank you. We have the next question from the line of Siddharth Gupta from Voyager Capital. Please go ahead.

Siddharth Gupta: Good afternoon, everyone. Hi, I'm Siddharth from Voyager Capital. I think, I speak on behalf of all shareholders when I say this. The results have largely not met what the guidance was set last year by the management. Even though it can be excused to a certain downside on tech companies across, it's largely disappointing that we haven't met our guidance from the previous year.

Also, I joined the call a little late, so I might have missed this. So, pardon me, if this information was already discussed. But I would like to know the following things. Firstly, what is our guidance for the upcoming year in terms of both revenue and EBITDA?

Second, I would like to understand, how our taxation policies are working. Because are we able to carry forward the taxation losses from our previous years due to the accumulated losses that we were carrying on our books? Are they not helping us offset our taxes this particular year?

I also want to hear more on the revenue mix. What is the revenue mix that we are getting from our older services that we were entering and the new NuRe products that we are rolling out? Because that I believe is a key game changer in terms of not the revenue increase, but where is the revenue increase coming from? Because from what I understand, the newer products have a higher margin. Correct me if I'm wrong, they're easily in the ballpark of 25% to 30%, right?

And a couple of more questions. One, there was an article in Economic Times mentioning that 3i Infotech is in the running to make a bid for Rolta India. I would like to hear from the management on that if that is the case that we are considering bidding. If yes, what is it that particularly interests us about the asset?

And finally, I would just like to hear on the RailTel deal. It's great to hear that everyone's excited about it. But I think investors would like to know our revenue timeline to the extent that in which quarter can we expect a revenue inflow? And what are we internally setting the benchmark for what are our predictions dictating in terms of our income against this project? Thank you so much.

Thompson Gnanam: Thanks, Siddharth. So, it's a long list of questions. So, what I will do is, I'll try and answer some of them and I'll get the taxation question to be answered by Sanjay and I'll allow Sax to talk about RailTel. So, I'll take your first question.

I agree with you. I answered to Diwakar's question as well in terms of the outlook because we wanted to set up a strong goal for ourselves and run behind that. We fell short. But I think, we are building our foundation strongly and that's going to help us in this year.

With regard to the guidance for the next year, honestly, I didn't want to give a formal guidance but since most of you are asking for the guidance, we just said that we can look at a range because there are a lot of variables in the marketplace which are there. I kind of gave an indirect guidance in terms of say, even if I look at my GM, which has moved up, which is positive news, which is INR 730 crores, will the same INR 730 crores going to help us earn far higher gross margins next year. That's the one clear guidance which I already spoke, which is a clear upside of almost like around INR 28 crores for us. That's one.

The other one broadly, we are targeting a range of INR 825 to INR 900 crores. The reason I'm saying that is because we have multiple variables. We also have RailTel because we are investing in RailTel as we invest in cost and we also need to look at the top lines there. So, we want to keep a range of INR 825 to INR 900 crores. But definitely, as you rightly said Siddharth, the focus is to change the revenue mix. So, we want to defend what we have for example, whatever lines of businesses we want to defend because it's very important but growth we want to be very careful in terms of what we want to grow.

So, we don't want to grow in the lines of businesses we do not want to grow. We want to defend, we want to optimize, rationalize and drive efficiencies and what we have and then we want to grow with the new lines of business like what's Sax is driving in terms of Digital business and NextGen business. That's our areas of growth very clearly driving the revenue mix change.

Your other question, if you look at it in terms of the revenue mix change, we are talking about, definitely, we want at least 50% of our growth from this year. We want to focus on the higher revenues and that's why we have Sax leading it as a global COO for Digital business and NextGen business. That's a very important aspect for us even as an organization structure change. As people like, Harish and Sushant are driving the existing volume businesses. We have Sax, driving the value business for us and which will give us the average gross margin which is higher.

On one point, before I allow Sax to talk about RailTel, and then we will come to Sanjay for the taxation policy which he spoke about. With regard to Rolta India, definitely, it's one of those opportunities, definitely it's going to be a tough uphill task. We have made our intent, but we see

a synergy for a company like, Rolta India with us as 3i. Now as we are now trying to revive 3i, the way I look at it as a management team, and if we are successful in turning around this organization, which is 30 years old and two years young as a new 3i, I think maybe we have the next target we might look at turning around some other company. That's the kind of wishful thinking, but I think I will leave it with that on a high level.

Probably, I will allow Sax to talk about RailTel and then maybe Sanjay can answer the taxation question.

Sax Krishna: Thank you, Thompson. Thank you, Siddharth. That is such insightful and candid questions. First of all, I think it's important we understand, why are we different, how are we different in monetizing Wi-Fi? This is not the first time anybody has tried to monetize Wi-Fi and many a times it's not been such a great success. We knew that going in. In this project, itself there was an early incumbent who left because they couldn't. The reason behind that is nobody, I think, very few players look at it from a tech lens perspective, which is dissecting and understanding who are the eyeballs that are actually looking at this product of what is called advertising on the Wi-Fi. Which is where I think we come in. Our thesis behind this was we use a heavily data analytics-based approach to advertising.

When I speak about that to advertisers, they get really excited. Because still today they have not caught, and what are we doing it against? The base. We are doing it against the base of almost 2 million subscribers per day. That's about 720-plus million subscribers a year. That's a massive base. Our confidence comes from the fact that, having said that, that is the promise of the proposition. How to get there requires a few steps. You need to first have the tech platforms to be able to do what I just said we do, which will take some time because you just see data.

You need to have a tech platform which can therefore target the right people at the right platform, at the right station, which all comes from the new tech platform that we have to deploy. So, there's a startup phase of the business, which is what we're doing right now. As soon as we do that, floodgates open and we already have interest. We already have proposals out there, which even a couple of proposals, if they're accepted, takes care of our entire year's outlook. That's the scale we're looking at here. So, to be honest with you, we may be cautious in the first year, just because we're starting off and we want to put all these tech platforms in place.

My estimation is that this is Q1. Starting Q2, we should start reporting revenues against this initiative, which I'm hoping will be substantial. And the margins will evolve, because first, you're putting a bit of a fixed cost in terms of evangelizing, in terms of awareness campaigns, all the way from physical awareness campaigns to digital awareness campaigns. It might lift the cost a little bit higher in Q1, in Q2, but it'll quickly get superseded by the revenue, because you're getting paid by ads by the minute, by the second, actually.

So, our business model is very clear. For once, I shouldn't say that a hockey stick, but close to hockey stick model can work here, because it's ad revenue coming from different sources. So let me pause there and see if it answers the question. And if there's anything more I can add, otherwise I'll pass it on to Sanjay for taxation.

Sanjay Rawa: Right. Thanks. Yes, Siddharth, so, on the accumulated losses, yes, we do take that benefit for our India stand-alone. So, if you can see in our stand-alone accounts, we don't have a tax provision. The amount that we have indicated in our results, that is in our three entities, primarily the US, because US entity, is a profitable entity. So, we do need to have a tax provision there, and in our BPO entity. So, these are the two entities wherein we have a tax provision, which is stated in our results.

Sanjay Rawa: Yes, accumulated over years, Siddharth, that's a, that we have a huge number. It's around INR 200 crores. I think I have stated that in my previous discussion as well in a large quarter. So, it's around INR 200 crores is what we have, accumulated in India.

Siddharth Gupta: Perfect. Thank you. Thank you so much, gentlemen. Looking forward to hearing from you.

Moderator: Thank you. The next question is from the line of Ranu Parwal from Acura Solutions. Please go ahead.

Ranu Parwal: Hi, good afternoon, everyone. While I'm sure the RailTel part was going query which somebody answered. I just wanted to check, you also mentioned about your platforms and the revenues that would come from the platform products. Just wanted to understand which are the platforms for which you are majorly focusing on? What are the revenue lines? That's my question number one.

And second is, you mentioned that you're converting your staffing business into project-based revenues. Now, how much conversions have happened so far? And does this conversion increase the margin or decrease the margin for us? While I'm sure it's a more predictable revenue?

Thompson Gnanam: Thanks. Great questions. So, I'll take the first one. If you look at the platform-based, one of our mature platforms is our NuRe Edge SASE, which we have seen our first product and platform which we launched in terms of a SASE product, which reached commercial grade as well. So, this year, we are kind of expanding that into a full-fledged go-to-market, both through direct and channel and through alliances. Three ground to market.

Alliances, we are working with telcos and Mid-Tier telcos and other countries as well, where we want to take it to their SMB segments, to their medium enterprises, small and medium enterprises, the great opportunity on B2B2B, which is a great opportunity we are looking at it. Because it's classic, it's like per license or per user or per device, we can look at it and the billing models. And the profitability is pretty sizable in these things, because we make almost close to 50%, 70% margins even after transfer pricing on these products.

Second, this also lends us into the next adjacencies. Say, for example, the moment we get into NuRe Edge SASE, it also helps us to replace some of these traditional cybersec applications and platform and it can also evolve into a one-stop shop. Instead of having multiple platforms and applications for both proactive, reactive and multiple threat management, NuRe Edge SASE could be also a mid-market one-stop shop platform as well. So, which also helps us to consolidate the customer cybersec ops spends as well. And then also try and see how we can optimize it. And we had some good successes last year in demonstrating this capability, moving on from theoretical pilots to real-life capabilities where we saw existing customers where we

went in with SASE, expanded it into the cybersec ops, then we transformed the offshore models, we took away business from a Tier 1 for replacing our 40 people in India to our onshore 10 people with our platform.

So, these stories are now falling in place and where we have to now scale. So, this has two tracks. One is the platform revenue. Second also using the platform to see if we can get into the cybersec ops optimization as well. That is the first one.

The second question you asked is the staffing to manage services. Right now, the challenge for us is let's say some of the legacy contracts, we have to first get into more managed staffing which has more long-term predictability. Because in the short term in this tough times in the Western world, we need to have more assured long-term revenue than weak contracts. So, we are looking at more than margins, sustainable forecastable revenue at a set margin is the number one priority. I would say that. Because rather than trying to look at higher margins and then being thrown out of a contract, this is better than that. That is the way we look at it. very clearly we want to re-fence and fortify our contracts with more managed staffing or managed services also.

And there is a very clear trend, a lot of customers are now moving from managed staffing to managed services because it suits them , the cost pressures and revenue pressures everybody has got. It is a very clear move which is happening there. So, for us in that business, we want to just consolidate our position and re-fence and fortify us. So, I am not sure whether I answered your question.

Ranu Parwal: Yes, you did. You did.

Thompson Gnanam: Thank you.

Ranu Parwal: Just also wanted to understand your NuRe campus, are you guys focusing on that as well very aggressively for this coming year?

Thompson Gnanam: Yes, I will probably allow Sax to answer that question.

Sax Krishna: Yes, we are. So, last year what we did was to make sure that the product itself is stable, it can be scalable. Because it was for India previously in the past it was developed as a dedicated instance product and not a true SASE product. So, we want to transform that to a SASE product because that is the need of the market outside India.

This year, we are already in front of prospects in both UK. We have a special initiative in UK where we are going after higher education market with a partner who has got a heavy presence in that market. So, it is not like us cold calling and generating leads from the stock. Similarly, in other markets like Middle East, we are taking to universities where we can truly modularize this. So, to your point, aggressively going after it, not just in India but outside India with a product architecture which is more suitable to the needs of the universities today.

Ranu Parwal: Okay, and Middle East is one market and then UK is the second market where you are focusing on this product now?

Sax Krishna: Before we go to US. Because US is a pretty large market with lots of players and we need to differentiate ourselves there but before that we have opportunities to be more accretive in Middle East and UK. So, we are leveraging that.

Ranu Parwal: I may want to get connected for something with you guys on this separately, but I will drop a mail to you guys. But I think thanks from my side.

Moderator: Thank you. The next question is from the line of Purushotam Savlani, an individual investor. Please go ahead.

Purushotam Savlani: Hi, good evening. Thanks for the opportunity, now. Sorry for asking this question, but it has been simmering in my mind for quite some time. So, I thought, I will get it out. See, I really want to understand why is it that the management is always very defensive about the commentary when it comes to performance. See, we keep hearing about these challenges in US etc, from a global recession perspective, but look at the reality. What are we doing in US? We hardly do around $10-odd million. If we compare ourselves with the small cap, mid cap, other IT services companies, they do hundreds of millions of dollars.

I am not even talking about TCS and Wipro of the world. I am talking about say Cyient Technologies, Precision Technologies, Datamatics, LTTS etc, which are your peer level kind of competitors. They are giving fantastic results. I mean this year also, the results for this quarter and the year have been great and they have improved their market cap by say, around 15% to 20% at least in last one year, whereas we are down by say, around 70% market cap. So somehow, I feel that our commentary is very, very defensive which may not be motivating enough the team.

Look at what we are doing. I mean, UK as a country, we are doing only hardly INR 30 lakh of business in a quarter. EMEA is say around $2-odd million. APEC is say around less than $1 million. US business has de-grown. So, with this backdrop and we call ourselves challengers, I mean, we should be in a position to break some of these large contracts of large players and grow our business. Rather than that we align to the defensive commentary which is very discouraging if you ask me.

Where we are, we have a backdrop of some 10-odd years of non-performance and then sold-off the product business etc. Thought that now everything will revive but the story continues to be very, I mean as of now at least from a result perspective, let's not talk about the activities which are being done but at least from a result perspective, very pessimistic. I mean, we are losing revenue, our cost, I mean look at our forex. Forex gain last quarter was 10% of our revenue. Last to last quarter was also 10% of our revenue. This quarter it is 5% adverse of our revenue. Whereas look at any of the other organizations, which do close to 70%-80% of their business from global area, they hardly get impacted by 1%. Whereas we as an organization which does 50% from India gets impacted by 5% adverse or 10% positive. How is it possible?

Third, PDDs. We thought that we took a one time hit of say, around $2 million to $3 million last financial year and we were told that 50% of this will be flowed back because we will collect that

rather than that we are again adding close to say around INR 3 crores, INR 4 crores as a PDD. So, one fails to understand what is happening?

Also in India, I mean there are so many enterprise class customers, while one appreciates that we have done well in India, but, if you get into the details, business what we are getting is only from PSUs, which are price competitive ask. I mean so, they will put us continuously on price pressure. We don't hear any HDFC banks being, orders being won or ICICI bank or Bharti or for that matter Aditya Builder Group. Nothing, it's only PSUs. So, I somehow feel that we have a very defensive kind of contour which is being talked about. And I really wanted to talk about it and get your perspective as to what is it that we are planning going forward? Are we continuing to remain such a defensive player?

And finally a question, how is our global pipeline looking? Because whatever business we are doing as of today seems to be,we can't call ourselves as true global players, frankly speaking. Sorry for asking this, but I thought I should.

Thompson Gnanam: No. Thanks Purushotam. I think that also kind of helps me put things in perspective. So, let's get some facts on the table. If you look at it, it is our US revenues is almost close to 50% of our revenues. So just to get our numbers right, Mr. Purushotam., becauseif you look at our model, and this is a repeated model, I think I would have probably spoken in eight quarters also. The uniqueness after the post-carveout also, if you look at it again, I am saying, every country is a domestic business. Even US is a domestic business.

Unlike all the peers which have gained from this windfall, all of them are built on the fundamentals of services business, which all of us have been part of it for the last 25 years. I have been part of it, all of us, Sax, everybody here have all built, Sanjay is from Zensar and Sax is from HCL, I have worked for. So, all of us have been our thing and we have built those models, okay. Of this offshore-led delivery models and all of them benefit out of this.

What we should understand from 3i perspective , very clearly is this is a domestic business which we are predominantly having. America has got a domestic business. There are people sitting in America delivering in America. There is no offshore mix out of this. Let's be very clear. People sitting in Middle East delivering. That's what is the company where we took over **post the carveout** as services**.** And from there we are changing the mix. So, we have to be very clear, Mr. Purushotam, about the 10 year versus this two years. I have to be very clinically clear about it and I will strongly have a point of view about that.

I very clear because 10 years ago the company was a product plus services company, which had a multiple sub which were. Two years now we are a very clear services company which has got domestic business in America, doesn't have offshore mix. It's the straight opposite, 80% is America-to-America, 20% is delivered from India. That is how if you see our numbers where everybody else is making windfalls, we are struggling. I absolutely agree with you. That is a problem statement which we have to fix.

And we have to fix and try and see how we can move this offshore mix or high margin mix by which we have to take it. That is one point number one. Because that is also if you remember

when the start of the year, when we change our transfer pricing policy as well because we said, each of the countries and geographies will work independently. And that is how the transfer pricing policy works. It works both positively and negatively. Three quarters it was positive for us. This quarter it was negative. So, in my mind, you are absolutely right.

So, that is one thing which I wanted to probably highlight in terms of the whole model which you spoke about. And we are not defensive about it. We are very realistic about it. We are being very critical for us to build any of our new lines of businesses. We have to hold our current revenues. Whether we want our quality of revenues, we have to hold them. So, we have to fortify them. We have to hold them. So, that is very important. Now, most of the other peers you called out are companies which are 25 years legacy of services business. They have all done that. So, let's be very clear about what we are now comparing about it. Okay, that is one.

The third point is, Purushotam, in India also we are talking about with our limited constraints, we are also fighting our legacy if you look at it. There is a brand which is stuck with us, which is past. We have to rebrand ourselves, reposition ourselves even in India also. So, to your point, even in the non-PSUs we are talking about, where we have led with our infrastructure management services and data center management services. We have led with that. We have done. And we are now trying to see how we can differentiate ourselves in a AAA services.

As you rightly said, our application automation and analytics, we have to really differentiate ourselves and get into the market. We are winning other brands. Say for example, we have won a brand like Dhanalaxmi Bank We have won multiple banks. We are also in very advanced conversations with a lot of these type of logos which are not PSUs as well. we are aggressively expanding that. So, I don't think, we are very defensive about it and we definitely believe we are a challenger in these areas.

So, in our head, there are three tracks, Mr. Purushotam. One track we have to defend. Whether we like it or not, we defend. There is another track where we want to challenge and be aggressive as a parity because we have to be on parity. We have to do a catch-up what companies have 10 years, 15 years head start. I will have to do it in two years. That's clearly, we are catching up on parity.

The third is, where we want to innovate and differentiate ourselves. So, we are very clear about these three tracks which are going. And I understand your frustration because I really appreciate that you have been with us all these years. Definitely, if you see, we are changing the entire contours and we are turning it around. And now we can see that, and it is happening. Because it's like, the old saying like, making, I won't call ourselves an IBM equivalent like making the elephant dance, but definitely it is a task to kind of turn around a company which has got such a deep legacy and issues as well. But we are very confident as a professionally, a management team to turn around and this is going to be a great opportunity for all of us to do that.

Coming back to your other question in terms of PDDs. In my mind, I think, where we started, to be very clear, we wrote-off, we cleaned the books. If you remember last year, my commentary was very clear. We were very proactive as an organization. We went across the board, proactively cleaned, took all hits, systematically. So, that is different from what we are doing

today. Even now what we are doing, even what PDD, what we have provisioned also, we are hopeful that we will be able to turn around and do whatever it is. But in a good governance, in a good risk and compliance perspective, we are just doing that.

Now, if you want to manage this, we can even propose, I want to be very clear about it. We have not done that. We have taken it we have done it clear. Now, we are able to collect it, we have taken it, it is good for the organization. But I think, it's good practice from a pure risk and compliance perspective, we wanted to do that. And this is of course in America, if you look at most of the, even you look at all the larger players very closely, everybody's DSOs have gone up. You please analyze all the Tier 1 players, DSOs have gone up, their provisions are increasing. It only just, all this gets hidden up because they have high base, high margin base which they have developed over a period of time, it will not be visible. For us, it's visible.

So, that is clearly an indicator of what's happening in the developed world for sure, Mr. Purushotam. And finally, you also spoke about the global pipeline. Definitely, if you ask me, the global pipeline is really expanding steadily for us. If you ask me, we have already won , Sax spoke about the entire transformation we have won in America in the credit union spaces also. Existing customers, we are expanding it into new lines of businesses, where we did, data warehousing, to data transformation, we have gone into entire 360 cognitive AI enabled prescriptive analytics to finally to a CEO cockpit, so the entire transformation happens, plus also the entire CLM transformation which is happening.

So, we are now expanding within existing account into more lines of businesses which is highly profitable for us, and also trying to see how we can replicate to other similar companies in USA. So, we are super focused on what we want to do there in the credit union space and also on the other industries, especially in discrete manufacturing in US also is an area where we want to kind of expand. And the pipeline is building very steadily in those areas.

And also, if you look at UK, I agree with you, right now it is there, the pipeline in UK is very good, in fact, Sax touched upon it when he spoke about. One clearly in higher education we are looking at expansion of our NuRe campus-led solutions which are happening and even within the higher education we are looking at IoT based cognitive solutions which we are now going to implement. Maybe in the next quarters we can talk about the successes as they evolve.

Third, we are working on helping these companies move from descriptive analytics into more predictive and prescriptive analytics and next best action in the healthcare, especially in primary and tertiary care in the UK as well from a pipeline perspective. So, broadly I am not sure whether I answered your questions, Purushotam.

Moderator: Thank you. The next question is from the line of Sanjay K., an individual investor. Please go ahead.

Sanjay K.: Hi, good evening. This question is about the cost of third-party products and services for this quarter is about INR 38 crores, compared to INR 13 crores for the last Q4. So, it's almost 3x increased, though the revenue has increased only 10%. So, can you explain how this cost has gone so high?

And second question is about the business. Already, Thompson spoke about business updates. It's more about, in your presentation, you mentioned about generative AI and so any work you are guys doing into generative AI and any business you are doing in AI specific things? Whether this AI is impacting any of these business for AI?

And about just last quarter, you had this event in US, I think Kuna event. So, any breakthrough, are you getting any business, any work you are getting from that? Because definitely the global business needs to be increasing on that. So, these are two questions. I will come back with more questions.

Thompson Gnanam: Thanks, Sanjay. Probably, first, maybe Sanjay can answer the question on the cost of third party and then we will take the other one.

Sanjay Rawa: Yes. Thanks, for the question. See, our cost of third-party products and services, yes, you rightly reflected, year-on-year number, it is threefold. Okay, let me give you a perspective of this and what I stated in my previous quarters calls as well. So, what has happened is our H1B associates, which were on our role, because of the opening up of the visa scheme in the US, so most of the resignations happened in the US. And to fill in this gap, we had to go and hire it from the market. So, that's the reason we had this sub-con cost going up.

So, you have seen a drastic decrease as well, substantial decrease in the employee cost. So, that is the reason that has gone up, cost of third-party products and services going up in the US primarily.

Thompson Gnanam: Yes, and also, we are now systematically trying to replace them as our own people as well as the new H1s. This year, you will see an improvement because our own people will be replacing some of these sub-con. So, because we have to save the customer contract, so we have taken the sub-con. Obviously, there is a hit on our margins there, but we will replace it with our direct employees shortly. And you will see the movement away from the indirect to the direct HCM. So, you will see the movement in the coming quarters,

Thompson Gnanam: the second question is, you spoke about the generative AI. This is a very hot topic right now. Two, three aspects of it from a generative AI perspective because as you know, we also have a pretty good cognitive, computing and AI practice in Chennai within collaboration with the IIT Tech Park, which we are building. So, we are now trying to do two, three things.

One is also trying to assess the impact of generative AI overall across our revenue streams. The good news is that we have more to gain than to lose. That's the positive side of it. Because that is where I think, the previous question was, I think Mr. Purushotam was asking as a challenger. We see a great opportunity for us to be a challenger in this space because if we are able to adapt generative AI and complement our services and capabilities around that, we have a huge opportunity to change the traditionally business models are delivered and we can still manage competitive gross margins even by doing onshore business with generative AI. So, that's the way forward. We are looking at it in a hybrid model, where the mixed change will happen from onshore to offshore versus onshore to near-shore is the trend, which is happening, very clearly.

We are also putting together in our own a small COE to build on the generative AI because we also have to figure out, we don't have to waste our time on things which have already progressed. So, we'll have to figure out a way how to coexist, complement, leverage some of the generative AI like ChatGPT 4.0 and try to figure out if we can offer services around that. Definitely, that's the way forward. We will update you in the next quarter on how we are progressing on that because this is something which we have to quickly adopt and adapt as an organization. So, that's on that.

The third question we asked on the Kuna event, probably Sax, you want to update on that?

Sax Krishna: Yes, I can do that. But let me also add something about the generative AI. I think, this may be sound contrarian, but I think it's true technically. The generative AI stops at a point. Transform AI is what really delivers the benefits for you. What we are focused on is transforming AI. So, we can use generative AI as a complementing technology to provide. So, for us, it's all enabling. For us, it's like the best thing that could have happened to us. So, just on that point.

On Kuna, thanks for noticing and observing and remembering that. We went to a couple of objectives when we went to this event. It's actually an event, the largest event, 5,700 people come to that event in a year in Washington, D.C. We went because if you remember my comments a few minutes earlier, we did a lot of analysis and realized it's a very conducive market for us for the various hypotheses. The first objective was to test our hypothesis because we couldn't have got a better cauldron of credit unions coming into one place. So, we did that. So, we very quickly, in less than three days, got a pretty good sample test of what we are thinking is relevant or not. So, tick box number one.

The second, of course, is what can we get as business. And then you usually know, if you've been to any of these conferences, conference selling never yields quick business results. It's more to do with your presence there. But it also gives you familiarity. What we have done is, we have gained familiarity with approximately 70-odd leads and we are following-up on those and doing the second road shows in their offices and so on and so forth. I'm hoping that we can produce, we can announce logos from that 70 in the coming quarter.

Moderator: Thank you. The next question is from the line of Dharmesh, an individual investor. Please go ahead.

Dharmesh: Hi, Thompson. Good afternoon. A couple of questions. In the past, you have spoken about the pilots that we have been doing for telcos in Africa, I think for B2B2B and B2B2C. Do you see any of those pilots getting converted into orders for us? That's question one.

And question two is the RailTel deal, the INR 14 crores payment, has that been done for this year? Thank you.

Thompson Gnanam: Thanks, Dharmesh. Two great questions. The first question I think, I did answer slightly ahead. I think, somebody asked the question on platform and stuff. So that is based on some of these pilots, and they've all become commercial greats. And the good news is we have this NuRe Edge SASE contract with some of them. So that is why we are very bullish that this year we want to expand this alliances with telcos, especially the mid-tier ones, and try and see how we can get

into their SMB base. So that's the good news. So that is happening positively. And we will update you on that because that's extremely important for our B2B2B, as you rightly said, because these are non-traditional B2B2 services revenues, and which will help the organization accelerate revenues. So that is happening, and it's in the right direction.

Second, on the RailTel, thanks for reminding, I think, Sax didn't touch upon that. See, if you look at it, the Railtel contract is the minimum guarantee is INR 14 crores per annum. So, quarter-on-quarter, we'll have to make a minimum guarantee payment of INR 3.5 crores from our side. So just to recap on what Sax spoke about, we are going for the commercial launch next week. We are fully ready with the ad servers and all that. So fundamentally, we are open for business, if I can look at it.

Obviously, as a cost of doing business, we'll have to invest in the first investment as a whole. But I think that the positive is that a lot of enterprise companies are very interested to talk to us. And this business model works on revenue per user. So Q2 definitely, we are looking at revenues flowing into us, and we'll be able to manage our outflows from there on, and then break even from Q3 onwards. That's the way we are looking at it. To your question, INR 14 crores has to be paid over a year. It's quarter-on-quarter. It is not one upfront. Obviously, we have to give a business bank guarantee, which we already given for the project, because that's part of the contract itself.

Dharmesh: Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Thompson Gnanam: Thank you all. These were fantastic questions, as usual, and extremely sharp, focused, and it also reminds us that how interested and invested all of you are, and thank you all for the support. And we look forward to see how we will come back with more stronger and positive results. And I want to kind of reassure everybody, especially one of them I think, we spoke about, Mr. Purushotam and Mr. Sanjay and all of you folks, be rest assured that your company is in the path of revival, and we are rebooting ourselves, and we will be a challenger and a disruptor. Thank you.

Moderator: Thank you. On behalf of 3i Infotech Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

Disclaimer: *Certain statements made in today's call maybe forward looking in nature and a disclaimer to this effect has been included in the press release shared with you earlier. The investor call may contain forward looking statements based on the currently healthy beliefs and assumptions of the management of the company which are expressed in good faith and in their opinion reasonable. This is a transcription and may contain transcription errors. The transcript has been edited for clarity. The Company takes no responsibility of such errors, although an effort has been made to ensure high level of accuracy. Also, Confirmation is hereby given that no unpublished price sensitive information was shared/discussed in the meeting / call.*