“3i Infotech Limited

Q3 FY 24 Earnings Conference Call”

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MANAGEMENT: **MR. THOMPSON GNANAM – MANAGING DIRECTOR AND GLOBAL CHIEF EXECUTIVE OFFICER**
MR. SUSHANT PURUSHAN – CHIEF REVENUE OFFICER OF INDIA BUSINESS REGION
MR. SANJAY RAWA – CHIEF FINANCIAL OFFICER
MR. SAX KRISHNA – CHIEF OPERATING OFFICER OF VALUE BUSINESS
MRS. VARIKA RASTOGI – COMPANY SECRETARY AND HEAD LEGAL

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

Moderator: Ladies and gentlemen, good day and welcome to the 3i Infotech Limited Q3 FY24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Asha Gupta from E&Y LLP Investor Relations. Thank you and over to you, ma'am.

Asha Gupta: Thank you, Rayo. Good evening to all of you. Welcome to Q3 FY24 Earnings Call of 3i Infotech Limited. The results and investor presentation have already been mailed to you and you can also view it on our website at www.3iinfotech.com.

To take us through the results today and to answer your questions, we have top management of 3i Infotech Limited represented by Thomson Gnanam - Managing Director and Global CEO; Sushant Purushan - Chief Revenue Officer of India Business Region; Sanjay Rawa - Chief Financial Officer; Sax Krishna - Chief Operating Officer of Value Business and Varika Rastogi - Company Secretary and Head Legal.

Thomson will start the call with the business update which will be then followed by Sax who will provide the update on Value Business and NuRe Bharat RailTel project. After that, Sushant will give an update on India 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 future or which can be construed as forward-looking statement must be viewed in conjunction with the risks and uncertainties that we face. These risks 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 on our website. With this, I will now hand over the floor to Thomson. Over to you, Thomson.

Thompson Gnanam: Thank you, Asha. Good evening, good afternoon, good morning, dear shareholders. I would start with, before I get into the performance of a quarter, I also wanted to inform the investors of a concerted attempt from the management and the board to resolve some of the age-old issues that have been limiting the growth of the company. More ways than one. While on one hand, we are working on newer avenues of growth, while consolidating our bread and butter businesses, the not so very comfortable nature of the balance sheet due to legacy issues does pose an impediment to the growth trajectory and the strategy which we have carve-out for ourselves. We therefore decided to address some of these issues once for all.

To set a context, we have also given a detailed note, which is there, but I will probably touch upon a few points, and then once during our question and answer, we can probably take it in more detail. Post the sale of the product, the carved out of the product division in 2021 and the new management headed by me, we took over this organization and rebuilding the organization, creating the new vision, mission, and strategy as we have been kind of working on this for the past multiple quarters. We started realizing that it is very, important for us to fuel this growth, to be able to represent the right balance sheet for us, because there are a lot of legacy issues which were there in the balance sheet.

And then the management, the board and the audit committee set up a sub-committee on legacy matters to just stay focused on it, led by the audit committee and audit committee Chairman, Mr. Uttam Agarwal, to evaluate these longstanding issues. On the basis of internal evaluation and approval from the audit committee, we decided that we need to ensure that we right-size the balance sheet and create the right net worth for the company to help us fuel growth. Hence, we had provided certain allowances, one against our receivables and then some general provisions, a value of investment of almost INR421 crores, which against the investment in our foreign subsidies.

But we are now starting a more detailed audit, ae have proactively done as a management team to ensure that we provide for this in line with the high standards of governance which we have taken. And once we have this more detailed audit happening, we will be able to come up with more specific interventions which is required by the organization.

So, I will get into the business results and then maybe we can discuss more in detail the questions you might have with regard to this. I will also invite Sanjay at that point of time to probably talk to us more on that. So, coming quickly on the business side of it, I keep saying, you know, as we are battling legacy issues, we have a current battle to fight, and we keep fighting. We have grown our revenue from almost INR210.3 crores to INR212 crores in spite of headwinds in some of the geographies like US, as you know, global economic issues but the good news is some of the other geographies like India are growing. It's been able to keep up our revenues. Our gross margin has also grown from almost like 11.4% to 14.8%. We have been eliminating cost and trying to make the organization slimmer. We've been optimizing spans and layers. Some of these are all starting to aid the results which you are now starting to see. If you look at it also, we are also trying to rationalize the selling cost because we have done an important change in the sales organization structure. We will see more impact of this in Q4 as well. We have clearly reinvested in the existing customers to fortify them and farm and grow them and very clear new hunting structures. We are optimizing the cost and the cost is heading down if you look at it. So, we'll see some positive results in Q4 as well because of the cost optimization.

The GA cost also we are now optimizing. There are some certain half yearly costs and other stuff which is good but if you look at it on an average level, if you look at it, it's starting to come down and Sanjay will talk about some of the initiatives we are taking there also in the GA cost which will also be optimized further. And we will start seeing the effect of that.

On a normalized EBITDA, if you look at it quarter-on-quarter, at an operating EBITDA level as well, we have moved in INR2.7 crores but if you adjust it to some one-time expenses over a period of the half yearly, we are more or less in that positive zone before the RailTel project.

The important thing and the good news for us because one of the big bets we did is on the RailTel project, the spin-up investments we have made, the good news is that finally we have blocked a big deal for RailTel which gives us a big relief for us because we have done all the investments and now the revenues will start kicking in. We have made the release there. So definitely Q4, we will start seeing revenues coming in and that will help us straight away to the bottom line because we kind of provided for the expenses and also we have done front loaded investments

in various stuff. So that is going to be a big relief for us in the Q4 and these numbers will change to the better in terms of the EBITDA as well.

So broadly if you look at even at a consolidated level, we have also taken a proactive approach because one thing as an organization we want to be extremely clear in our governance and proactive management here. So, we have also gone in and taken a provision of foreign subsidiary tax liabilities to the tune of almost INR13 crores which has been taken and which is there in our consol. These are provisions which we have taken and we are also working hard to see how we could reduce the impact of it in the long term and see if we can continuously figure out what we have provided for bad debts and various other provisions where we could probably see if we can optimize the impact on the long term.

So that is broadly on business numbers. Quick headlines if I look at it apart from some of the good news and the various build products we have been investing on that is two good things happened for us.

One of our platforms which is a Flexib+ testing platform has been recognized by Everest group in the peak matrix as an aspirant and is really enabling us to build automated testing environments along with cognitive which also drives revenue for us in some of the mature economies as well. So that is an important accomplishment we had.

Also our investments in NuRe Campus which is our higher education student information systems and ERP platform which is more like a mid-market platform has been recognized by Gartner again as a challenger. These are two really, a booster dose for us to kind of drive our revenues and also a validation of some of the strategies which we have been kind of investing on.

Broadly otherwise, we also had a lot of new contracts coming in because in some of the regions where probably the contracts have been overall as an organization, we have kind of added 26 new contracts in this quarter which will also help us to grow revenues in the subsequent quarters. I will pause here and maybe I will hand over the call to Sax to elaborate on the value business and then maybe I will come back once the question is asked. Thank you.

Sax Krishna: Thank you so much, Thompson, and thank you everyone for taking the valuable time to join us today afternoon. I will talk on two topics. One is what we call as value business and the other one is our very little public-private partnership called NBN, NuRe Bharat Network.

Let me first talk about NuRe Bharat Network since that is a recent news of validation of our value proposition and the investment being made in that venture which is the deal from an esteemed organization like BPCL which has been announced in the marketplace. It gives two aspects in there and we are right now in the process of mobilizing the deployment of both the aspects of that order. And the aspects are one is digital branding which is digital advertising that happens on the devices, the smartphone or whatever devices people carry in these platforms. And the second is the physical branding as in, in each of the 6,109 stations, we will put posters and banners and stickers in the platform at various points which of course has got BPCL

branding but in the process it also aids in increasing of adoption of the free WiFi and so it increases the number of users.

So those are two highlights of not just the value of the deal but the significance of the deal in terms of how it helps us to propagate the existence of free WiFi which is a well-kept secret in some of the stations and help us to increase the number of users which then will add more value to the advertisers and therefore more revenue for NBN. Based on that validation, like Thompson said the BPCL deal itself we will recognize revenue this quarter because we've already started to deploy the various aspects of the deliverables that are involved in the contract.

Based on this validation because BPCL is such a large PSU organization, there's a lot of credibility that is in the market that is established because of which our pipeline has now become more advanced and getting closer to turning to contracts. Some of them are in FMCG, some of them are banks, some of them are state government. We have close to INR100 crores plus pipeline. The BPCL deal itself at the value that we announced is only a partial inventory. It is not the total inventory that we have in that NBN contract. So obviously the future, the promise is much bigger of getting other co-sponsors onto the platform and securing at least multiple-year revenue. Even if the deal is two years, the other deals that we're getting are also multi-year and therefore it will secure the revenue for a longer period of time. So that's on NBN. If there are any questions, we can take that later.

On the value business, there's overall multiple dimensions of achievement and growth and stability that we have achieved. Let me take the leaf from what Thompson said about the two recognitions. One is from Gartner for our CampusLab business unit, which is to do with the higher education, student information systems and the ecosystem around it. That recognition is a validation of the support and value that we've been providing to universities predominantly in India in the past, but now that has expanded and now we've got prospects in both U.S. and Asia Pacific and Middle East, which should see that unit scale quite a bit. That's definitely a contribution from Gartner's recognition, vice versa.

The other recognition that we got from Everest Peak Matrix for NextGen services, which includes the Flexib+ is again a validation of value that we are already providing to some of our customers, except this now branches into a more industry standard, industry certified offering and that helps us to decrease the cost of the total software development lifecycle for our customers. Typically, testing is end of the software lifecycle, but it has an impact at the beginning of the software lifecycle because if you know what failed, then you write the software not to fail. So overall, total cost of software development lifecycle will start reducing for our customers and prospects and that's a value proposition that we're taking to the market.

The other business unit within the value business called NextGen services, which is to do with AI, ML, cognitive solutions, is also rapidly being adopted across various industries, across various geographies, like law enforcement, police departments in India, state governments in India, U.S. banks, from other industries, manufacturing and gas distribution industries, multiple industries, multiple geographies, which is what our hypothesis was, that our AI, ML, and cognitive future tech stack can be applied to different industries and that's what is being proven with the pipeline that we are currently generating.

Our application analytics and automation business continues to be the largest share of VBU because it obviously has been there for a longer time than the other business units, but the other business units are catching up, like cloud. Cloud solutions are now being widely accepted by customers across the APAC, in India, and U.S.

My last note to the shareholders, in order to increase the quality and quantity of pipeline, we have now formed a dedicated GTM team to focus on our existing accounts. We have acquired accounts, which Thompson just mentioned, 27 new contracts, but over the last year and a half, we've acquired a lot of customers, and with one service line, many a times, whether it could be application development or it could be infrastructure management. We are now taking those customers and cross-selling and up-selling. What it does is the quality of pipeline increases, the cost of sale decreases, and you should see shorter cycles of deal closures, which should start resulting into revenues in the coming quarters. I will pause there and wait for any questions later, but now let me pass it on to Sushant, my colleague, to talk about the enterprise services. Sushant over to you.

Sushant Purushan: Dear shareholder, good afternoon, good evening. Thanks, Thompson and Sax. My name is Sushant here. I'll just give you an overview of enterprise business and India's business strategy. First of all, as an enterprise business, we've grown quarter-to-quarter by 10%, and we've grown 40% Y-T-D from FY20 to FY23. And the similar improvement is also there in the bottom line as well, which is in the margin-front.

The growth predominantly came from the volume business of enterprise services, which is led by IMS and the classic BPO services as well. In Q3, we have grown two projects gone live. We have grown three large projects, which has gone live, which are predominantly three years contracts. Projects like Ujjivan, projects like CIBIL, and also Rajasthan State. The three projects we've gone live, and that revenue continuously comes in upcoming contract as well. One of the important aspects as part of my discussion is that first time as an India as a territory, we have taken over from US on this quarter as an India as a territory, and I look forward to build a strategy to grow for an India for upcoming quarters as well, including next financial year.

We've added two contracts last quarter, but even though the contracts are not big in size, but these are all the large customers , we signed the global MSA with Standard Chartered Bank. That helps us to operate from India to any of the regions where Standard Chartered Bank operate, and we look forward to be part of the global Tier-5 companies associated with them. That's a good thing.

We also enter into one of the financial customers called Manappuram, where we got into an entry of that, and we look forward to the growth as well. That's a good thing on that. On a move forward for the future point of view, we are looking forward in Q4 to bid for a few of the large global India public sector opportunities. We are participating. We'll try to put a right bid to that to ensure we will get at least two secure deals in Q4. That's also going to help us for our expansion plan for Q4 and next year as well. And this is coming back to the practice and engineering side of that. Remote delivery or digital IMS is one of the important aspects where we look forward profitable business on that. We manage global support centre from India. Chennai was the centre here, and we build a BCP site for Bangalore, which was a demand from

customers. So, we are also working towards improving the centre capability so that we go to look for a global large managed services outsourcing deal. Typically, today it's taken care by Wipro and HCL. And yes, by end of Q4, we'll be competent to take over them on this. That's one of the things we look forward on that.

Finally, I also putting strategies for that both on the areas like IMS as well as the government consulting. We're going to put a strategy for next year so that our pie will increase. And we show the same demonstration of the revenue growth what we've shown from last year to this year and the next year as well. This was my brief and I hope I covered all the aspects. With this, I'll hand over to operator.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Siddharth Gupta from Voyager Capital. Please go ahead.

Siddharth Gupta: Good afternoon to the entire management. While the revenue growth is commendable, I actually joined the call a little late. I'm sorry if you've already explained this, but could you please elaborate on the reason for our losses? I understand these are book loss or accounting items booked from the pre-carve-out time, but if you could kindly explain the same again, it would be really helpful.

Sanjay Rawa: If you're referring to the consolidated financials, or are you referring to the standalone?

Siddharth Gupta: On both, actually, because it reflects on the consolidated as well, right?

Sanjay Rawa: Let me address the consolidated, Siddharth. The consolidated, primarily, there are two reasons. One is an exceptional item for which we have anyway commenting in our notes. There is a one-time tax-related provision that we have done for one of our overseas subsidiaries, which includes the tax as well as some penalties as well, the fines and penalties. That is about INR13 crores, which is included in the loss of the INR29 crores that we have reported. That is one element.

The second element is primarily on account of we had certain sales-oriented costs and travels in the third quarter, and a link to that, there was some one-time expenses. Apart from that, I don't think we have any other major reasons for our loss to happen.

Siddharth Gupta: Sorry, could you repeat the second one? I didn't catch it.

Sanjay Rawa: We had some one-time travel-related expenses. Since we have the US-related growth happening, because we want to also pump ourselves for the new Q4 and the new year, so we had in Q3 certain one-time travel expenses for the US territory. So apart from that, we don't have any other items as exceptional. Coming back to the standalone financials, there are two-line items in that.

One is we have a detailed note under note number three, but I just want to add on that. So, one is a provision towards our intercompany receivables. As we have been saying all along in all our notes earlier as well, that we have already filed an application for RBI towards settling of our long-overdue outstanding, which is more than 12 to 15 years but to be in prudence to the provisioning norms and to be in line with, because these are very age-old outstanding's. We have

taken a provision in books for the amount which we see as today doubtful for receivable from these overseas subsidiaries. That is amounting to INR214 crores.

The second one is we have taken a general provision towards diminishment in value of our overseas investments, amounting to INR421 crores. This is in line with certain assumptions. I was also saying we did have as constituted by board and the audit committee, we have instituted certain audit and based on the initial findings and further to any other findings that we may have in future in view of the forensic audit that we are proposing, we have taken in general provision on that account in terms of diminishment in value of investments.

Siddharth Gupta: I just have two quick follow-ups. First, with regard to the tax and penalty on the foreign subsidiary on the console level, is this pertaining to the pre-carve-out period or post? If it is pertaining to the pre-carve-out period, would it be something that we can recover from as Azentio?

Secondly, with regard to the forensic audit, could you elaborate on what was the sudden need that arose that got the board to ask for a forensic audit and by when can we expect the results for the same?

Sanjay Rawa: What I will do is, I will give the first one and Thompson may give the second on the forensic audit. First one, related to the tax, it is a pre-carve-out period tax liability. This itself is prior to 2021 period. Second, this is not linked to Azentio, because Azentio we had done an asset deal, it was not an entity transfer, so any tax liabilities we cannot transfer to Azentio.

Third is, this is anyway a provision, so we are anyway working with the authorities to see, because we had gone into a fee for certain provisions in the tax laws of the specific country, and we are working with the So we are working on that. So it is in good parlance we have taken, good prudence we have taken, but we are still hopeful that this may come in our favour.

Thompson Gnanam: So Siddharth, on the forensic audit, if you look at it, these are even not just pre-carve-out issues, we are talking about pre-CDR time issues which we are still carrying in our balance sheet, and we are talking about pre-CDRs before even 2013-2012, the first RBI request was made as back as that point of time, and we are talking about those areas.

And on the larger note, if you look at it as an organisation, if you look at it from that point of time, the company has gone through multiple transitions, if I may look at it. Obviously, we were born out of a bank and as you know, we were part of ICICI, we were promoters, we got listed, and then it's gone on. Then we got a CDR, then we have a DRS, then we come to a post carve-out, and then the post carve-out after that, we are here.

So for the future, as an organisation, as a shareholder, it's very, important for us to kind of set this new baseline, it's very important, because all the growth aspirations we have, all that what we have are all linked to all this, because it's like how do we get the right depiction of the balance sheet is the foremost thing, that's point number one.

So as an organisation, we have been doing this special audit, the sub-committee on legacy matters has worked on it, and they have been working on it for now almost three quarters or four

quarters. So there are a lot of insights here. Because the number of years is so long back, we would need some real professional help to stitch these pieces together and come up with a very clear way forward, Siddharth. So that's the reason why I think the Board in its wisdom decided to do this for all of us.

Sidharth Gupta: Okay, fair enough, I understand this, I will head back to the queue, but just a comment before I do that. It is very disheartening to see that these are decisions that were needed to be made immediately post the carve-out. For the past few quarters, there have been these provisions which have constantly been being made on the justification that, well, it's something that's happened pre-carve-out and we need to establish a new baseline.

While I agree on principle with you, this is something that has to be done much earlier. The question which I think remains for every shareholder is that we can't be establishing a new baseline every quarter. Why is this happening?

Thompson Gnanam: I agree with you, Sidharth. I'll tell you what. See, this is long due from 2013. Okay, let's face it. You go to the records, it's long due from 2013. We should have done it. We had various timelines. Obviously, the company was going through a CDR, then we had a DRS, then we came out of the debts, we kind of monetized our assets. So, 2021 was a new beginning.

So, from there on, I agree with you. We could have done it two years ago, whatever it is, so we had to work on it. Because see, we are now flying this plane together, all of us in this together, we cannot land it, we are across the Atlantic, which I keep saying, and we have to keep repairing the plane. That's what we are doing today.

Now we can keep arguing whether we did it one year ago or two years ago, but the good news is that we want to be done with it this financial year and then just focus on the business and create value for all of us, I think that's the thinking, Sidharth.

Sidharth Gupta: Right, fair enough. And just one suggestion before I go back to the queue. If the company could put out a press release or in the presentation say the performance of the company without these provisions being made, hypothetically if these provisions weren't being made, how is the company performing as a stand-alone company if it is working as a fresh company?

That would really help entry level shareholders to understand the fresh working of the company, apart from our past burden, right? Thank you and I'll go back to the queue. Thank you.

Thompson Gnanam: Thank you. We'll do that.

Moderator: Thank you. The next question is from Sharan, who is an individual investor. Please go ahead.

Sharan: Hi, this is Sharan. First of all, I would like to congratulate the management team in getting good contracts this quarter and especially on the RailTel. My first question is like, I was just going through your presentation and I kind of observed that the clients have reduced from 485 to 440 from Q3 to Q3 financially '23 to '24 and do you have any reason for that?

Thompson Gnanam: Yes, Sharan. Some of the losses we are having, these are small customers if you look at it in USA, for example, where we just have professional services, maybe we are just having a service of one or two people or things like that. So, if you look at it, those are the losses we have. So predominantly the losses have been these very small contracts predominantly in U.S. but most of the other territories we have been adding and we are ring-fencing our existing customers, Sharan.

Sharan: Okay, so basically you are trying to close on small customers and trying to focus on the bigger ones.

Thompson Gnanam: Bigger ones, small ones, non-profitable ones, where we are making low margins, so we have been sincerely seeing gross margin has been there for a long time. They would have just probably one or two of our resources might be working there for a long time, it doesn't make sense, year-on-year, keep giving hikes. They don't give you a COLA adjustment, so sometimes you have to exit.

Sharan: Okay, great. And I do have one more question. With regard to RailTel, I was just trying to get this PIPOnet from the app store, but I couldn't find. So, if you can just probably tell the investors from where we can find this app that will be of a great help.

Thompson Gnanam: Thanks a lot. I think that's a very great question. PIPOnet is going to be our way forward, a super app, which we have done. So, what we did is we kind of slowed down and because first, our immediate action was to get a breakeven. So, what we have done is, if you go to the RailWire today, RailWire immediately you see our ads which are there, because that's a free WiFi where we are doing all that and done and then now, as part of the RailTel deal, we will be activating the PIPOnet again and you will start seeing it. Because now we are starting to generate revenue and we are also start adding all the new lines of services.

Sharan: Which means that you have not yet released on the app store?

Thompson Gnanam: Yes, we got it tested. We didn't want it to be there. Because see, no point putting a PIPOnet app without any advertisers or revenue. So, we kind of paused it for now. Now that we got it, we'll put it back there and we'll have all other services come.

Sharan: Okay, because I think if you can also highlight this that will be of great help, because a lot of investors they were kind of wondering why this is not in the app store.

Thompson Gnanam: No, very valid point, because we will highlight that. Because right now if you do, you go to the RailWire portal, you can see that. Then it goes to our PIPOnet website. All the advertisers which are right now live, you can see it actually.

Sharan: Yes, I did check that. And one more question that I have with regard to legacy issues. How long this provisioning will go? Like, for example, for the next quarter, will you be again provisioning because if you are going to provision it every quarter, it's going to be a kind of big provisioning that's going to happen every quarter. So how long will you be doing this provisioning?

Thompson Gnanam: I'll tell you, there are two parts so I'll break it into two parts. Whatever we have done from an audit committee advise and a Board and a new management perspective, we have done that provisioning right now.

Now beyond this, if you ask me, I think we'll wait and that's why the Board and the audit committee and everybody, the management, we felt that we should have this forensic audit, go back and do it, it's way back in time, and then come back and we'll see the results. But we're trying to see how fast we can do it because we have already done the special audits, for the last 3-4 quarters the sub-committee on legacy matters has already done that so it's not going to take forever for sure you know, we'll be able to quickly come to a conclusion and you know, we'll probably be able to have a new fresh start.

Sharan: Yes, because if you're not doing this provisioning, I think the company is in a good position to get much more bigger orders and also for the investors we can see some kind of a positive impact on the book.

Thompson Gnanam: Agree, absolutely agree with you, because we want to be done with it and just stay focused on business that's what all of us also want to do.

Sharan: Great, thank you, thanks for the call and I think you people are doing a fantastic job by getting more good contracts Thank you.

Thompson Gnanam: Thanks, Sharan, thanks for your support

Moderator: Thank you. Next question is from Sanjyot Khare, who's an individual investor, please go ahead.

Sanjyot Khare: Hi Good evening, Thompson and team First of all, congratulations for the good set of numbers in the week quarter I mean, though you already explained what are the previous issues and still in that, the revenue has increased compared to Q3, so great thing about that.

Only disheartening is we are still not able to see the positive PAT and hope that quarter will come soon. So, my question is related to now the slide number 10, right now we have a 10-year plan For FY '24 the projected revenue was INR1000 crores and now we are around 620 or something. So, what is the projection now for this year and FY '25 what are we looking at?

That's the first question and second question is about the US business because this quarter looks like India has crossed US revenue so it's a good and bad both, I mean, that India is growing but how is the situation now in US? Are you seeing that US is going to grow further from Q4 onwards or are you still seeing there is challenges in US?

Thompson Gnanam: So, Sanjyot, thanks for your encouragement as always you have been a strong supporter for us on the RailTel project, so finally we are like what Sax said, the validation of our strategy is happening. That will also contribute to our profitability to your point, if you look at it that's why we keep saying it with the project and without the project. So, in an operating EBITDA level, we will see changes happening in Q4 because now revenues are starting to kick in so that's one positive to your point.

Second we are also taking a lot of, as I said in my initial opening comments, there are a lot of cost optimizations we are looking at, maybe even Sanjay can talk about some of the optimizations we are looking. So those are the things will probably give us that bottom line gain and as we can keep the revenue growth intact. The other aspect for me, one of the reasons why, I'll try and answer your question why we are not growing as fast as what we can,

For us also, you know, today if you ask me this year alone we have not encouraged almost INR100 crores worth business. I'll tell you the reason why because today, the growth at which we are going and the capital which we require, it doesn't match. Let's be very clear about it. So, unless we are able to clean the balance sheet, what we are doing, get confidence of bankers and the way we can raise better capital, we cannot accelerate growth. So that's one of the reasons why we want to do this clean-up also is to probably get a real picture and then be able to get the support of investors and bankers to help us fuel this growth. So that is one area where we are also now being careful, not getting into very large deals which needs a huge capital up front and things like that. There are a lot of deals. So that is one point there. So that is what we want to fix this very quickly and get back to that growth trajectory which we had put for ourselves.

To your question, we will continue at this run rate. So, if you look at this run rate, even if you do a simple, we will end up somewhere around INR825 crores or so, at this rate without Railtel for sure but Railtel is a bonus now and we have got all the cost in. So whatever revenue we get now, we are going to book now is going to be at the bottom line. So that is good news which is there.

Second, like what Sax said, we have a huge pipeline for Railtel building up thanks to this because it is a huge pipeline, almost 70% of the inventory is available for us and that is going to be very good for us next year because this is contributing to our bottom line because we got all the hard work done, we got the technology done, we have made all the investments. So, the bottom line contribution of Railtel project will be phenomenally far higher than the non-linear contribution compared to our linear services business. So that is going to be the good thing.

The third thing also, the platform, the technology, what we built also is a product of the company which we now can productize it, we can sell it globally independently. So that is also we are looking at it. Those are the positives on the Railtel business. Coming back to your third question, the US-India stuff, it is a global problem. If you look at it, we are not alone in this world if you look at it from that perspective. There are severe headwinds in US and in fact in strategies we are looking at seeing how we want to just protect our revenues, reduce our cost right now because we are reducing our cost in US. There is no point in increasing too much cost. So, we want to increase on existing account retention and farming up our accounts.

That is an opportunity. We want to probably stop new account you know, what was it, cost spent on that because it is going to be a total waste of investment. We are very clear on that. So consolidation in US is very important.

Second, India's opportunity is massive today. If you look at it, we want to really step up. As I have been saying consistently, there needs a credible tier 2 player with a lot of tier 1 players exiting the market. 3i Infotech is positioned really well to take that opportunity across all service

lines. Even under value business and across all service lines. So we are doing some pilots, phenomenal pilots on future tech in some of the large areas. So all this will fructify what I said. And of course, IMS is in a role we want to kind of take it to the next level, step on the gas. Again, this is all the capital intensive. So we are now playing it cautious because we don't want to get into larger projects and have working capital issues. But the point is the business is there. We are recognized as a post-recon even in India and in Middle East and some of these territories. So we will focus more on these territories in the next 2-3 quarters in terms of growth and watch US and other western economies very closely right now.

Sanjyot Khare: Thank you sir. One more question. It's good to see that 26 new contracts have been won in the last quarter. But we have seen only one, I think, about concept communication. Are all contracts small or complex? Are there any contrasting values?

Thompson Gnanam: What we do is we only communicate real big ones. If you look at it. These are like small additions. Say for example, even signing an MSA with a large multinational is a good win. But we may not have got big revenues immediately. So these are all small beginnings. We also had a contract from a UAE money exchange company which is good for optimizing their contract centre. So that business is starting. We are getting some around 40-50 people servicing them from India. So that's a good deal we have won. So, like that we are starting to win multiple contracts, big and small.

Sanjyot Khare: Sure. And the last thing is about just to reconfirm this revenue from concept communication13ill it be starting from the Q4 or it will be starting from the Q1 of next year?

Thompson Gnanam: The contract start is from Feb 1st. So, we are now starting to do that like what Sach said. So we are very quickly trying to see how much we can probably recognize in Q4 because our meter started running. It's up to us now to start executing.

Sanjyot Khare: Okay. Sure. The last thing about the cash or the raising funds. I mean any update? Anything is happening there? Any update on the Vashi property?

Thompson Gnanam: So that's where we are. In fact, I answered in the earlier part of it because it's a vicious loop for us because unless we do that, we can't accelerate growth. We are working on it. I think the bankers are also looking at some of this balance sheet you know, right-sizing what we are doing very positively. So, it's looked at very positively. So hopefully we will get some relief in Q4.

Sanjyot Khare: That's great. Wishing you all the best, team. Thank you.

Thompson Gnanam: Thank you.

Moderator: Thank you. Well, as there are no further questions, I would like to hand the conference back to the management team for closing comments.

Thompson Gnanam: Thank you. Dear shareholders, as always, you have been very supportive and very encouraging in our journey and request all of you for your continued support as we turn around this company. Thank you.

Moderator: Thank you very much. On behalf of 3i Infotech Limited, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines. Thank you.

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