"Datamatics Global Services Limited
Q2 FY'24 Earnings Conference Call"

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MODERATOR: **MR. PRATIK JAGTAP – E&Y INVESTOR RELATIONS**

Moderator: Ladies and gentlemen, good day and welcome to Datamatics Global Services Limited's Q2 FY'24 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 conference call 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 Mr. Pratik Jagtap from E&Y IR. Thank you and over to you Sir!

Pratik Jagtap: Thank you Lizaan. Good evening to all the participants in the call today. Welcome to Q2 FY'24 earnings call of Datamatics Global Services Limited. The result and presentation have been already mailed to you and it is also available on the website of Datamatics. In case anyone has not received the copy of press release or presentation please do write to us and we will be happy to send you all.

To take us through the results today and to answer your questions we have with us top management of the company represented by Mr. Rahul Kanodia, Vice Chairman & CEO, Mr. Sandeep Mantri, EVP & Chief Financial Officer, Mr. Mitul Mehta, EVP & Chief Marketing Officer. Rahul will start the call with brief overview of the quarter on business which will be then followed by Sandeep talking on financials. We will then open the floor for question-and-answer session.

I would like to remind you that anything that is said on this call which gives any outlook for the 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 reports which you can find on our website. With that said note I will now hand over the call to Mr. Rahul. Over to you Rahul!

Rahul Kanodia: Thanks Pratik. A very warm welcome and thank you everyone for joining our call for Q2 FY'24 this evening. We are glad to have you all on the call today. I will briefly discuss some of the quarterly performance highlights while Sandeep Mantri, our CFO will provide an update on the financials after which we will open the floor for question and answers.

Our quarterly performance for Q2 FY'24 declined by 3.7% on a sequential basis. The decline in topline was primarily due to the premature closure of a large project with a customer in our digital experiences business. This also impacted the margins of that business. However, we continue to work with that customer on multiple ongoing projects and new projects. On a Y-o-Y basis for the quarter our revenue grew by 9.7%. In H1 FY'24 we had a robust revenue growth of about 14.6% and a notable improvement in our EBIT margins which has risen to 14.1% from the previous year at 12.3%. Our deal pipeline increased by 99% on a year-on-year basis and 28% on a quarter-on-quarter basis. In particular our US pipeline increased by 300% over the last year. We can see that our efforts to focus on the US markets are bearing results. We are well placed in several of these deals but are witnessing slowness in decision making which makes it difficult for us to estimate the percentage of revenue growth in the coming quarters. Therefore, it looks unlikely that we would meet our revenue growth estimates of 14% to 15% for FY'24. We added 15 new customers during Q2 FY'24 with many of them being in the US. As a part of our AI-First strategy we are committed to strengthening our AI capabilities and continuously infusing AI across technologies, operations and experiences and the product businesses. We have integrated GenAI capabilities into our intelligent automation products consisting of TruBot, TruCap+ and TruBI. We have launched a range of GenAI powered solutions such as enterprise content mining, virtual assistance, financial data analytics and revenue operations and we are showcasing them at some of the world's leading IT shows across US and Europe. Our TruCap+ product has been significantly enhanced and provides cognitive mining f for enterprise content using GenAI. This makes the product very potent for large organizations that process high volumes of documents and a variety of unstructured enterprise content. TruCap+ is now available on the Microsoft Azure Marketplace. This will broaden our reach to all Microsoft Azure customers worldwide. In Q2 we also introduced FINATO to drive finance transformation in global enterprises. It is powered by AI for contract management and will help CFOs better fulfill their KPIs. Lastly, I am happy to share that Datamatics implemented Automatic Fare Collection and Mobile Ticketing Systems for India's first Namo Bharat RapidX train for Delhi-Meerut RRTS Corridor by NCRTC. It was recently flagged off by our Honorable Prime Minister Shri Narendra Modi and it was a proud moment for all of us at Datamatics.

With that I wish you all a very Happy Diwali in advance. May the Diwali bring happiness, joy and prosperity to all of you and your families. With that I will now hand over our call to our CFO, Mr. Sandeep Mantri. Sandeep over you!

Sandeep Mantri: Thank you Rahul. Welcome everyone and thank you for joining us for Q2 and H1 FY'24 earning call. Let me start with financial performance of Q2 FY'24 and then I will take you through the H1 FY'24 numbers as well. Our Q2 FY'24 revenue stood at INR 376.8 crore which is a growth of 9.7% on a yearly basis and a decline by 3.7% on a sequential basis. As Rahul highlighted, the decline in topline is primarily due to premature closure of a large project; however, we continue to engage with the customer on multiple ongoing and new projects. Our consolidated EBITDA for the quarter was at INR 58.9 crore which is up 14.1% on a Y-o-Y basis. Our EBITDA margin for the quarter is at 15.6% as compared to 15% in the last year same quarter. Our consolidated EBIT for the quarter was at INR 49.6 crore which is up 15.7% on a year-on-year basis. EBIT margin was at 13.2% as compared to 12.5% in the last year same quarter. Our quarterly PAT after NCI was at INR 49.3 crore which is up 23.3% on a year-on-year basis. The tax rate for the quarter was at 16.4%. The primary reason for the decrease in tax rate compared to last year quarter is a change in the profit mix of various geographical entities. Our EPS for the quarter was at INR 8.36 per share which is higher than the last year same period which was at INR 6.78 per share; however, lower than sequentially Q1 FY'24 which was at INR 9.34 per share. Talking about segment wise revenue performance, our Digital Operations revenue was at INR 164.6 crore which is a growth of 15% on a Y-o-Y basis. Digital Operations EBIT margin was at 18.6% and its contribution to total revenue was 44%. Digital Experiences revenue was at INR 58.5 crore for the quarter which is a growth of 11.6% on a Y-o-Y basis. EBIT margin for the Digital Experiences business was at 17.4% and contribution to total revenue was 15%. Digital Technologies revenue was at INR 153.7 crore for the quarter a growth of 4% on a Y-o-Y basis. Digital Technologies EBIT margin remains at 5.7% and contribution to total revenue was 41%. We continue to maintain a healthy balance sheet as of September 30, 2023, our cash and investment stood at INR 581 crore compared to INR 555 crore in the last quarter. Our DSO was at 63 days as of September 2023 as compared to 60 days in the last quarter. In terms of geographical footprint US remains our largest geography with 54% coming from US followed by India at 24%, the rest of the world including UK and Europe was at 22%. In terms of industry BFSI continues to remain the largest segment for us, contributing to 25% of our revenue followed by education, publishing & technology, and consulting, both segments stood at 20%; manufacturing, infra and logistics at 13%;and non-profit or non-government organization remain at 10% to total revenue. Retail contributed 9% of our business and the other remaining segments are 3% of our total revenue. If we talk about client concentration, it is very healthy with top 5, 10 and 20 clients contributing to 24%, 36% and 51% respectively.

Coming to H1 FY'24 financials, our half year revenue was at INR 767.9 crore which is a growth of 14.6% on Y-o-Y basis. Our EBITDA was at INR 126.7 crore which is up 27.4% as compared to last year. EBITDA margin for H1 FY'24 stood at 16.5%. Our EBIT was at INR 108.2 crore a growth of 31.6% on Y-o-Y basis and EBIT margin stood at 14.1%. The tax rate for the year was at 17.6% compared to 20.5% last year and finally our EPS for the H1 was at 17.7% per share as compared to 14.1% per share in the last year same period which is a growth of 25.2% on a Y-o-Y basis.

These were the financial updates. With this I will now pass on the call to the operator to open the floor for questions. Wishing you and your family a very happy and prosperous Diwali. Thank you for your patience and continued interest in Datamatics.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Harshil Shethia from AUM Fund Advisors LLP. Please go ahead.

Harshil Shethia: What happened exactly with the client that moved out prematurely?

Rahul Kanodia: No, the client has not moved out prematurely a project got over prematurely. With the client we continue to work, in fact we are working on several new projects with the client, so it was premature closure of one single project. That impacted both the revenue and the margins for the Digital Experiences business.

Harshil Shethia: Sir you said that we might not be able to meet the revenue guidance of 14% to 15%?

Rahul Kanodia: Yes.

Harshil Shethia: What was the quantum of revenues that the client contributed and in the coming quarters can manpower be replaced for another project?

Rahul Kanodia: There are other projects that are ramping up as we speak, and we should have some bounce back for sure. The client is still very much there and we are talking about new projects and we should ramp up hopefully towards the later part of this quarter.

Harshil Shethia: Sir how much growth can be expected in terms of revenue?

Rahul Kanodia: We will probably not hit that 14% to 15% revenue growth that we talked about but because the decision making has become a little slower, we are not able to exactly predict what will happen. Having said that as I mentioned our pipeline has grown by about 100% over the last 12 months on a Y-o-Y basis and 28% on sequential quarter basis, the pipeline is extremely robust and therefore I am still confident that we will have a good year, but I am not able to put a number on the revenue growth in terms of percentage.

Harshil Shethia: Can you just quantify the pipeline that we currently have?

Rahul Kanodia: I expect it is in the vicinity of about $290 million.

Harshil Shethia: Thank you.

Moderator: Thank you. The next question is from the line of Aditya Jhawar from AJ Capital. Please go ahead.

Aditya Jhawar: My question is specific to this deal withdrawn, so in the Digital Experiences we are hitting a revenue of suppose currently we are doing a INR 60 odd crore of revenue in a quarter so what was the deal amount and as with that one deal you are saying that we are withdrawing guidance of 15% that is the first question and the second question is regarding the Digital Operations and the Digital Technologies. In the Digital Operations what are the steady state margins we can attain because I see every time it is fluctuating. Is it because of the currency that we are seeing that margin improvement whatever has happened 23% to currently 18% in the Digital Operations and in the Digital Tech currently we are hitting a revenue of INR 150 odd crore is it the plateau or the pipeline is more inclined to Digital Tech and where you see, not this year in the next one to three years how do you see this shaping up the revenue margins, could you throw some light?

Rahul Kanodia: Let me talk about Digital Operations first so on the Digital Operations we had a very healthy Q4 of last year and that is because we always have a Q4 spike because we do a lot of tax processing and in Q3 we start ramping up so I am not concerned on the margins of the Digital Operations although it may look a little suppressed but it is still very robust and I think Q3 and Q4 will be healthy so I am not too concerned on Digital Operations from a margin point of view. To your second question on the projections of missing the 15% target that is not because of this one project that is just because there is a softening of the decision-making process and we are seeing that across the board, so it is really a combination of all those things versus a single project driving that. So, on the Digital Experiences front we talked about that one project but as the customers already engaged and we are already talking about additional projects.

Aditya Jhawar: What is the order backlog in that project?

Rahul Kanodia: That would be client sensitive information so I do not want to disclose that it would not be very appropriate.

Aditya Jhawar: Roughly it was some INR 30 Crores to INR 40 odd Crores?

Sandeep Mantri: We cannot give those numbers because this is client sensitive information

Rahul Kanodia: I must say that the client is still there, and we are talking about additional business, in fact we will ramp up in this quarter. It was just that one project so there is no cause for concern on that front. On the Digital Technologies as well the pipeline in the US has grown about 300% so it is looking very, promising. Having said that because the decision making is slow, we are sort of not able to get a very clear picture as to what the next Q3 and Q4 will look like.

Aditya Jhawar: Not for this year I am just talking about can you just outlay which segment you are quite bullish on from the next one to three years perspective where you can see the scale up can happen rapidly?

Rahul Kanodia: Actually, all the three segments are looking very optimistic to us very specifically because we will be implementing a lot of AI across the board we will see that happening, so there is no one of these segments that is looking weak or anything of that kind.

Aditya Jhawar: Just on the order withdrawn when did this happen in October or which month exactly?

Rahul Kanodia: It was this quarter therefore you see the results in this quarter.

Aditya Jhawar: Yes, in this quarter month actually I am asking about it?

Rahul Kanodia: These ramp downs happen steadily it is not like tomorrow morning we talk so it does squeeze down because there are several dynamics in any ramp down particularly sensitive to employees and there are implications on employees so when we transact with customers, we have got to keep that in mind, so it is through the quarter, but it is a steady phase through the quarter.

Aditya Jhawar: Because it came as a shocker because it was not intimated that is why it was a surprise but, nevertheless.

Rahul Kanodia: The premature closure does not come with a forewarning.

Aditya Jhawar: Thank you. All the best.

Moderator: Thank you. The next question is from the line of Grishma Shah from Envision Capital. Please go ahead.

Grishma Shah: I want to know the margin for the Digital Technologies piece where would they settle down for the year?

Rahul Kanodia: I expect the Digital Technologies piece margin to actually improve over Q3 and Q4, so you have got right now 5.7% as against 6.2% in the last quarter. The margin will still be in single digit for the year but it will move up. I think probably 7% to 8% range is a good range.

Grishma Shah: Based on what initiative?

Rahul Kanodia: Based on the pipeline of deals that we are closing but as I said because there is softness in the decision-making process, I am not able to gauge it but the pipeline is extremely strong.

Grishma Shah: But this also has the metro business, right?

Rahul Kanodia: That is correct.

Grishma Shah: I am assuming there is a metro line which is going to go live?

Rahul Kanodia: The NCRTC in Delhi-Meerut went live already, Kolkata will go live shortly, Mumbai is continuing yes. When it says gone live it does not mean it is closed one phase of it has gone live, we are continuing.

Grishma Shah: I get that Sir but what I am trying to understand is that now would the pricing be better compared to what we had bid initially and therefore the margins will be better?

Rahul Kanodia: That is correct.

Grishma Shah: What would be our year end closing tax rate?

Sandeep Mantri: Our year end closing tax rate will be between 20% and 21% approximately.

Grishma Shah: The product business can you highlight what is the progress?

Rahul Kanodia: Yes, so progress has been actually quite good in terms of a pipeline increase and some of the large logos that are potentially scaling. Earlier quarters we mentioned that we had closed some good logos now we see them scaling so that is very promising for us and some of them will scale quite significantly so that is looking good, but again right now the whole Western world is plagued by a little bit of slowness in decision making because of the global uncertainties. You have got this Israel-Gaza conflict; you have got the Ukraine-Russian conflict, so a lot of that is still sort of playing out in those pockets. Outside of the decision making we do not see slowness in the pipeline flow; the deal flow is just as robust, in fact it is probably better.

Grishma Shah: What is then holding back for closure if the deal flow is so strong?

Rahul Kanodia: In these markets there is some degree of uncertainty with a slowing down of their economy and therefore those customers are becoming a little conservative in their decision making because they think the economy will slow down and things like that but other than that from a business point of view there is nothing.

Grishma Shah: If you could possibly enlighten what was the reason why did the customer prematurely close?

Rahul Kanodia: I do not know the details it was their business situation and their business challenges so I am not very privy to their business challenges but there is something to do with their business.

Grishma Shah: It was the top five or a top 10 client?

Rahul Kanodia: Yes top 10 client.

Grishma Shah: Thank you so much.

Moderator: Thank you. The next question is from the line of Sanjyot an Individual Investor. Please go ahead.

Sanjyot: Good evening. Sir my question is about Q4 is the biggest quarter and generally Q1 this year is the smallest quarter and then sequentially then the revenue goes on so now Q2 it is lower because of the pre-closure how your Q3 looks like and Q3 and Q4 are there going to be better than Q2 that is my first question?

Rahul Kanodia: I do expect that. Q3 typically is a little bit soft across the industry because of the vacation period in in the Western world. You have in the US Thanksgiving and Christmas and because of that many people are on leave and therefore your billing does come down because of the quantum of amount you deliver so Q3 does tend to be a little soft, but I do not expect that to be worse than Q2 for sure and Q4 should again spike up because we do have some cyclicality in our business on Q4.

Sanjyot: Correct and the second question is about the employee headcount, in Q2 what is the net headcount addition or you added or number of employees reduced in Q2?

Rahul Kanodia: I do not have that number to the extent that the revenue declines employees are a little sticky business because you have got three-month notice period so even though revenue may decline you cannot let go off employees and therefore the headcount remains steady. In fact right now as we speak and we talked about ramping up some projects we are in the phase of ramping up employees on some projects so right now actually we are in the growth phase. So, net-net I would say that it would be flat. Our attrition was about 8.5% which is reasonably healthy, annualized it becomes almost 17% which is not too bad, and we have not had a net headcount reduction.

Sanjyot: Thank you for that and all the best for future quarters.

Moderator: Thank you. The next question is from the line of Pallavi Deshpande from Sameeksha Capital. Please go ahead.

Pallavi Deshpande: Sir just wanted to understand the loss of customer was from which vertical BFSI?

Rahul Kanodia: As I said it was not a loss of a customer it was a project where we are still growing with the customer, it was in the Digital Experiences space.

Pallavi Deshpande: I understand Digital Experiences but in terms of industry BFSI or technology?

Rahul Kanodia: It was in the consumer retail.

Pallavi Deshpande: In terms of the industry the BFSI space how do you see that going ahead given the issues with the banks in the US?

Rahul Kanodia: We have not seen issues in any projects with the BFSI segment apart from the decision making which is generally slow across the board outside of that we have not seen any issues.

Pallavi Deshpande: Right and Sir lastly coming to this on the Digital Technologies space I understand you mentioned on the hyperscalers business if you could just throw some light how is that growing?

Rahul Kanodia: Our relationship with Microsoft has increased quite a bit. In fact, we are now also featuring in the Azure Marketplace for Intelligent Automation products. We are engaging with them very actively so that is going well. Our opportunities pipeline in the Salesforce area is also going well. Our low-code no-code business particularly with some cloud projects that is going extremely well and we are getting a very good inflow of deals, so the hyperscalers business is kicking in well although because it was a relatively new initiative it was small and therefore it does not impact the numbers the way we would expect but yes we are getting very good traction on that front.

Pallavi Deshpande: The burn in the product business would that be continuing at the same INR 50 Crores quarter?

Rahul Kanodia: Yes. Not for quarter it is per annum. Of course, we have got to adjust it a little bit for inflation but yes, it is about at the same rate.

Pallavi Deshpande: Right Sir. Thank you so much Sir.

Moderator: Thank you. The next question is from the line of Hiten Boricha from Sequent Investments. Please go ahead.

Hiten Boricha: Sir my question is the decline in the margin in the digital experience is largely led to the premature deal closure but what led to the decline in the margin in other two segments?

Rahul Kanodia: In the Digital Technologies there is not too much of a decline, there we just continue to invest a lot in the AI space and in the product space. As I mentioned in my address, we have invested in enhancing TruCap+ significantly and incorporate a lot of cognitive mining into that so Digital Technologies are fine. In Digital Operations we have actually increased our spend on the platform and my note does talk about us launching a platform called FINATO so we launched FINATO and of course that consumed some spend and therefore you see the margins a little lower.

Hiten Boricha: Can we assume this 17% blended margin is kind of better edge to do in terms of margin around 20%?

Rahul Kanodia: Yes, you will see an improved margin. Also the other thing that has happened is that we have increased our spend by design for marketing and we have actively participated in several events in the US and in Europe and therefore our marketing spend has gone up and therefore you see the margins being a little more squeezed because we have substantially increased it but that increase in marketing has resulted in better pipeline so it is showing results but there is a lag between your marketing spend and the deal closure so the marketing activities that we are investing in is showing some good results because the pipeline has really grown significantly.

Hiten Boricha: Sir, when you say we are going see better margins in the second half so I am assuming that it will be in all the three segments right around 20%?

Rahul Kanodia: That is correct.

Hiten Boricha: Sir, my second question is on your comment on we have seen the slowdown in decision making so this is related only to the US market or the Indian as well as the other market as well?

Rahul Kanodia: For largely US and Europe.

Hiten Boricha: Are they seeing any kind of improvement here now or is it like?

Rahul Kanodia: It is still soft the jury is still out. What does give me confidence is that because the pipeline is so strong, I am sure some will materialize for sure but yes, it is going slow.

Hiten Boricha: This slowdown is seen mainly in top 20 clients, right?

Rahul Kanodia: No, it is the industry and therefore across the board we see slow decision making both for new logos and even ramp up of projects.

Hiten Boricha: Understood. Thank you, Sir.

Moderator: Thank you. The next question is from the line of Harshil Shethia from AUM Fund Advisors LLP. Please go ahead.

Harshil Shethia: Just a clarification from the earlier question for the second half do we expect EBITDA margin across the company to be in the region of 20%?

Rahul Kanodia: That was the previous speaker mentioned so that is not correct. They will be healthier but certainly not 20%.

Harshil Shethia: The second was just a question again to go back to the client which as you said slow down on one aspect of the business so if you just kind of negates that assuming that the ramp up for the client had not changed then what of numbers I am just trying to estimate for the one-time impact is so what would have been our numbers for the quarter, would we have seen some growth or how would it have looked at?

Rahul Kanodia: Yes, that is a tough one. You are asking the same question that one of the earlier people had asked in terms of what the revenue lost but I do not think we are going to talk about that but yes it has certainly been better than what it is. We are also not happy with the kind of situation.

Harshil Shethia: But would it have been kind of more in the vision of growing in the same basis or was that even without specific client issue where there was a slow down across other clients as well?

Rahul Kanodia: So, you see a slight slowdown if you see across all the segments it is not that one project that has impacted everything, if you look at our investor deck every segment has a marginal slowdown. The maximum you see is in Digital Experiences, but the others also have had very marginal slowdowns.

Harshil Shethia: For the next six months you see any such significant slowdown and any conversation maybe not for your business but for your competitors or other people on the same lines?

Rahul Kanodia: No, I cannot comment on the competitors because I really do not know what is going on in their business, but we do not see any such issue coming up in the next six months.

Harshil Shethia: Thank you.

Moderator: Thank you. The next question is from the line of Pallavi Deshpande from Sameeksha Capital. Please go ahead.

Pallavi Deshpande: You mentioned about this increased marketing spend would it be possible to quantify that?

Rahul Kanodia: I do not have the numbers in my fingertips right now but yes approximately double.

Sandeep Mantri: Almost double from last year.

Pallavi Deshpande: Sir in terms of the hiring plan any numbers?

Rahul Kanodia: Nothing right now but I do know that we are ramping up for some projects so you will see an increase in hiring anyway but I do not have numbers with me because we are being cautious given that decision making is a little slow even though some customers have said that they would like to start ramping up till it does not happen we are not onboarding people so we are in the ramp up phase but I do not have a number for you on that.

Pallavi Deshpande: Just in terms of your three segments would it be fair to say that the Digital Experiences side would continue to remain soft?

Rahul Kanodia: No, in fact we are ramping up there as well. I do not see softness there.

Pallavi Deshpande: I just thought that is more discretionary and so from that angle.

Rahul Kanodia: Yes, but given that we are in the ramp up phase I do not see the softness.

Pallavi Deshpande: Right thank you so much.

Moderator: Thank you. The next question is from the line of Aditya Jhawar from AJ Capital. Please go ahead.

Aditya Jhawar: Thanks again. Sir I wanted to understand on the platform you have mentioned FINATO on the digital side so currently we have good revenues there but our margins are roughly 7%, in next suppose one or two years where do we see that margins trending towards?

Sandeep Mantri: You are talking about FINATO?

Aditya Jhawar: Yes.

Sandeep Mantri: FINATO is part of Digital Operations.

Aditya Jhawar: I am talking about Digital Tech there I think we have invested on auto fare right it comes into that part?

Sandeep Mantri: That is fare collection TruFare.

Aditya Jhawar: Yes so there I suppose if we get more sales because we are doing INR 160 odd Crores for a quarter right?

Sandeep Mantri: That is not only fare collection there are many other things.

Aditya Jhawar: Many other products yes but we have clubbed under Digital Tech, so currently there the margins are like 5% to 7% but where can we see that margins trending towards of course?

Rahul Kanodia: Over the next six months of this financial year, we should see that margin improve. We talked about 7% to 8% in this year.

Sandeep Mantri: You are talking about one or two years right?

Aditya Jhawar: One or two years not this year.

Rahul Kanodia: That should improve. Over the next two years that will improve quite a bit.

Aditya Jhawar: What targets we have in mind like 14% to 15% we have?

Rahul Kanodia: One of the reasons why that will change is that we are focusing more on the US market and the US market has better margins than the Indian market, so as business grows there I think if you are looking at two years, we should be in the range of 12%, 13% and 14%.

Aditya Jhawar: The next question for this year what I can gauge is there is slowness but what are the positive sides for this year for the company?

Rahul Kanodia: The positive sides are that our pipeline has grown substantially as I said on a quarter-on-quarter basis we have grown 100%.

Aditya Jhawar: When do you say pipeline it is the order book, or it is just in the finalizing stage?

Rahul Kanodia: It is the final stage where we submitted a proposal, and the customers have to decide but when you submitted proposals which are almost 100% more than what we did last year that shows that you will probably close more deals this year. The other element that is very positive is the whole push towards AI-First. AI-First strategy I think will start showing some results. Our hyperscalers have already started showing some results so that is looking very good and AI and the launch of the FINATO product also I am very confident that will give us some. We also have I do not know if you have tracked it but in the technologies business we have brought in senior leadership and we are doing some organization restructuring and that will help. I am sure it will show results very soon.

Aditya Jhawar: Based on your order pipeline since it is robust how much percentage you have the hit ratio here?

Rahul Kanodia: So, it varies, it varies by segments, it varies by existing customers and new logos by geography, but it is very healthy, so it is not a straight answer, but it varies anywhere from 30% to 40% to as high is 80%.

Aditya Jhawar: Since we have traveled to like you have said that you personally traveled to USA or some other countries for marketing events in which space do you find as our products right, we have lot of things to offer, in which place they are mostly interested in the customers?

Mitul Mehta: We participate across multiple lines of businesses across technologies, operations and experiences and across all the three we have seen opportunities. Technologies right now with AI there are a lot of inquisitiveness among enterprises to see how they can use AI for better productivity and for better customer experience, so AI right now there is a lot of interest in AI and what AI can do for the overall business.

Rahul Kanodia: However, I must say that right now the interest in AI there is a lot of curiosity because people are still trying to figure out what this new animal is, and they do not know much about it so there is very high degree of curiosity and therefore the interest so one has to take that with a pinch of salt in terms of deal closures.

Aditya Jhawar: Then with the pipeline it is majority which segment we have got the traction there?

Rahul Kanodia: The highest traction is in the digital technologies space but it is quite good also in the operation.

Mitul Mehta: Digital Technologies and Digital Operations both are fairly good.

Aditya Jhawar: All the best. Thanks for answering my question.

Moderator: Thank you. The next question is from the line of Sanjyot an Individual Investor. Please go ahead.

Sanjyot: Thank you. Just a follow-up question. Generally, you announce number of deals won in the quarter in the PR. I missed that so how many deals won in this quarter and was there any multi-million dollar win in the quarter?

Rahul Kanodia: Yes so we announce a number of new logos in this quarter, we had 15 new logos so that run rate remains roughly steady.

Mitul Mehta: Most of them were in the US and the European markets so which is also a very healthy sign.

Sanjyot: Alright yes. Thank you.

Moderator: Thank you. As there are no further questions, I now hand the conference over to the management for their closing comments.

Rahul Kanodia: Thank you all for being on the call today. I know we have not had the best quarter but I am still very hopeful that going forward we will have a good run this year because the business is there and we have got a very good customer equation, so thank you very much for being on the call and I look forward to speaking to you next quarter. Wishing you all a very Happy Diwali in advance and hope you have a good festive season. Thank you all.

Moderator: Thank you members of the management team. Ladies and gentlemen on behalf of Datamatics Global Services Limited that concludes this conference call. We thank you for joining us. You may now disconnect your lines.