

Kellton Tech Solutions Limited
Q4 & FY22 Earnings Conference Call
May 31, 2022

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY22 earnings conference call of Kellton Tech Solution Limited. 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 touch-tone phone. I would like to thank you all for participating in the company's earnings call for the fourth quarter of the financial year 2022. Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's conference call may be forward-looking in nature and such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made from the information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and the financial quarter under review.

Now I would like to introduce you to the management participating with us in today's earnings call. We have with us Mr. Niranjana Chintam – Chairman and Whole-Time Director, Mr. Karanjit Singh – Chief Executive Officer, India, and Mr. Srinivas Potluri – Chief Executive Officer, US. I now hand the conference over to Mr. Niranjana Chintam. Thank you and over to you sir.

Niranjana Chintam: Thank you Margaret. Good evening, everyone, or good afternoon or good morning - based on wherever you are. Thank you for joining our Q4 earnings call. We want to start off with the yearly financial numbers updates and then we'll go to the quarterly numbers. The financial year ending FY22 revenue was about 844 crores with an EBITDA of 105 crores. Our EBITDA margins stood at 12.6, that's a reflection of the increase in costs because of labor. There is a slight dip there in EBITDA margins as to what we were hoping for and what we achieved there. Net profit is about 78 crores. The PAT margin was about 8.3, again that is in line with the reduction in EBITDA. So, there is a dip in the PAT margin too. While the EPS stood at Rs. 7.39 per share.

Coming to the financial performance for the Q4 of March 2022. We had a revenue of 210 crores and EBITDA of 126 crores. The margin appears to be 12.3%. As we talked about earlier,

this is a reflection of the increase in input cost which is the labor cost for us. There is a slight dip in EBITDA numbers there. Net profit is about 18 crores for this quarter and the PAT stood at about 8.9%. EPS was about Rs. 2.12 which is a significant jump over last quarter's EPS.

Now a little bit of the operational highlights where I'll just talk purely about what is happening with the Russia-Ukraine war and the impact on the global financial markets, the economy etc. As you have all experienced how the inflation has gone up, all our input costs - all the way from consumer goods to diesel, petrol - have affected us. Whatever is affecting you is also affecting us as a company. As our input costs have gone up in line with the inflation rates going up. Power costs have gone up and so have the labor costs, and that is affecting some of our bottom lines. But there's also another angle that we sometimes miss- which is the human angle. A lot of Ukrainian refugees are coming into the neighboring countries. Since we are present in Poland, we have hired a number of Ukrainians to work with us and be part of the Kellton story so that we can provide some kind of support, or a way for them to fund their living. That has helped both the parties - us and them, because there is a lot of good talent coming out of Ukraine. We also have been featured in the top firms of 2022. We have launched "OneKellton" and that is going on very well. I'll let Srinu answer any questions related to that as we go on into the earnings questions.

Now with every new client wins; we have about 10 new client wins. This has been from different industries across all the different sectors. Karanjit can you briefly talk about the new clients that we have won this quarter.

Karanjit Singh:

Thank you Niranjana. Hello everyone. As Niranjana said, we have continued acquiring clients and I will just briefly give a little bit of color on some of them. One, we acquired a leading multi-brand retail company who have signed up with us to actually drive a seamless immersive buying experience. We are going to be working with this client to completely revamp the buying experience for their customers. The other one that we signed up for is a global leader in the beverages industry in energy drinks. They are a very well-known brand and we have engaged with them to modernize their core ERP and the legacy supply chain into an intelligent network to help with their operational efficiencies as well as an experience like the transformation. Another customer that we have partnered with is a leading home care service provider. We are working with them to transform a critical user-facing process using the RPA solutions. This will again help them kind of redefine their overall user experience for their clients. We have also signed up with an international gaming and e-sports company where they form to provide a new age gaming arcade solutions and we will actually be working with them. We'll be using metaverse as part of this. That's **(Inaudible) (7.30)** perspective and I could go on onto the other customers but this much must have given you a little bit of color to you to the kind of clients we have acquired over this.

Niranjana Chintam:

Thank you Karanjit. Srinu, can you talk about the OneKellton launch and where we are in that process?

Srinivas Potluri:

Sure. Thank you, Niranjana and Karanjit. From the OneKellton integration perspective, the customer-facing activities are more than 95% complete at this point. We have reached out to all our major customers to inform them about our integrated OneKellton global approach and showcased our combined portfolio of services. I must say it has been very well received by our customers. A lot of excitement has been shown about what it means to them, and how can they leverage Kellton's new internship, and combined portfolio of services. We also explained to them about the reorganization internally to make sure that the customers are able to grow along with us and take advantage of all the services that we've been offering. That's one great achievement that is pretty much complete from an external-facing perspective. Internally the top management is all aligned at this point. We have done a lot of town hall meetings, global meetings, etc. to have a conversation with our internal employees about the OneKellton initiative and drill it down. At this time we are in the process of informing our base level of employees, about what it means to them and how advantageous the whole OneKellton approach is going to be. Those are the two key stakeholders that we have been addressing with the OneKellton approach. It's almost done at this point and we are now aggressively looking at our marketing collaterals and so on. That will reflect the whole change in Kellton by bringing in the OneKellton initiative. I'm happy to take any questions at a later time regarding the One Kelvin initiative. Thank you, Niranjana. Back to you.

Niranjana Chintam:

Thank you Srinu. So, I'll add a little bit more color to that. A number of people had asked about when the impact on the revenues on the bottom line would start showing up? So, I just want to restate what I said earlier regarding OneKellton. I had asked for two to three quarters for it to start reflecting. We have just completed one quarter as of now, and are running in the second quarter. Like Srinu was talking about, there are a few other steps that we are taking to make sure that we fully leverage that. The true revenue numbers and the bottom-line numbers will start reflecting from the next quarter onwards. This quarter, however, we will see some slight improvement. There are also a lot of costs that are baked into the first two quarters of this launch which are almost like a complete rebranding. There'll be a brand refreshing that is soon to go on. A lot of activities are going on simultaneously to ensure that the customers and the internal teams are aligned with the OneKellton story. Just wanted to give a little color to that as well. With that Margaret, I want to open up for questions. We'll be happy to answer further details of OneKellton, any other customer numbers queries, etc. in the Q&A about it. Margaret, over to you.

Moderator:

Thank you very much. We'll now begin the question-and-answer session. The first question is from the line of Arvind Kumar from Redemption India.

Arvind Kumar:

I have been an investor for five years but your net profit has remained the same, from 2019 onwards the net profit is all flat, why has this happened? Before that, the numbers were growing significantly but for the last 4 years they have not been growing at all, why is it so?

Niranjan Chintam: Thank you for being invested in us, Arvind. As you know, 2020 and 2021 were the peak pandemic times. There was a flat line. Like I said earlier, now we have launched the OneKellton initiative. Also, we have hived off a few of our divisions. We sold out the low-margin businesses and are saying no to the same. All of those processes are now going to be completed by this quarter and a little extent of the next quarter. Then the growth from revenue as well as the margin point of view will be visible to all. It did take us a little bit of time to get to where we are from where we were in 2019, but we will start seeing the growth starting the next quarter onwards.

Moderator: The next question is from the line of Srinivas, a retail investor.

Srinivas: My question is, do you have anything to write off in the balance sheet? Anything you oversee in the future for FY23 based on what was seen in FY22?

Niranjan Chintam: The question was more of a write-off?

Srinivas: Yes. Question number one, in the balance sheet, Are there any assets or classes that still are going to be written off in the future? Question number two, I am really happy since I have seen the growth in the top line always but the reflection in the bottom line somehow is not there. I mean it's quiet; you don't have many borrowings on your balance sheet but still, the bottom-line improvements have not been seen. Is there any kind of margin issue that you're facing in your operations?

Niranjan Chintam: Sure. Okay. Let me answer the first question regarding the balance sheet. To answer your question on the write-off part of it, we do not plan to do any write-offs that we do not have any plans for but with that said right, there's always a revaluation of goodwill that happens every year end by the independent financial consultants. They come back and recommend saying “ ‘Hey’ maybe you should take a write-off of this from a goodwill point of view”. That's the only thing that we might do if our consultants recommend it. These are some of the questions that have been asked multiple times - why don't we just write off the whole goodwill, and take a hit at one time? And that also is something that we have been always constantly discussing when it comes to the balance sheet every six months. So far, we have taken some write-offs and hits during the pandemic when there was a revaluation of the goodwill. But talking about today, we did the revaluation before we published this and our consultants recommended not to do it this time. So, we went with that. If there is a recommendation on a write-off, or if we feel that we might as well just take a one-time hit of the whole goodwill and take it off the balance sheet if it's creating an imbalance in the balance sheet, we do that. But at this time, it's just a consideration, we have not yet decided on that. Since it will reflect on the P&L, we just want to make sure that we don't jeopardize the P&L part of it. We'll have to make a calculated decision on that.

Now to answer a question about the margins. Like I was answering the earlier question from Arvind, we had some low-margin business that we have hived off now, and there are a few

ongoing ones that we have to say “no” to. Earlier we used to sell off, package them and sell off the company. Now we're just denying the customers because we have so much business. Right now, in some cases, we are unable to fulfill that business because we don't have the resources because of the shortages that you are aware of. So, that is one reason. The second reason is like I said earlier, our input costs have gone up. It consists of the labor costs and that have gone up dramatically. You are aware of what's happening in the industry. We don't have the big pyramids that large companies have. We have smaller pyramids. Our costs are slightly higher when it comes to that. For that, there is a strategy that Karanjit is working on. Which is hiring a lot of fresh talent. We have doubled the hiring of freshers from last year to this year. There is going to be an effect of that coming soon. In addition to that, we have also talked to our customers. Given that our costs have gone up, we have approached our customers and we have requested an increase in rate from them. Most of the customers have agreed to it. That also will start reflecting over the next few quarters. You'll start seeing that because as the contract gets renewed that's when typically the rate revision happens. When especially talking about the large customers that we have, they don't want to renegotiate in the middle of a quarter. We are working through multiple different strategies to improve the margin. That is the reason why I asked for another quarter before seeing the changes in the margins. It's a long-winded answer, Srinivas. Thank you for your questions, Srinivas. Over to Margaret.

Moderator: The next question is from the line of Srikant Reddy, an individual investor.

Srikant Reddy: My question is the market is being quite tough these days. Hiring and retention have been tougher. The attrition has been increasing. What challenges and issues are you facing in this regard and how are you dealing with them?

Niranjan Chintam: Let's have Karanjit answer that question but I'd say that just like everybody in the industry, we're facing similar pressures. With that, I want to let Karanjit take this over because he does this day in and day out. He will talk about the strategies we're doing to mitigate some of these challenges that we have. Karanjit, go ahead.

Karanjit Singh: So as Niranjan said, all of us are facing the challenges and we're all continuing to, in a way, refine and fine-tune the processes. The first challenge is that the same talent is being pursued by multiple companies. How do you differentiate that? Since we do a lot of cutting-edge digital work, we are able to have them prefer us over others. There are strategies for that. But then also, since it is a good time to be in the IT industry, there is a challenge coming in from Chinese companies. They have multiple offers and we also have a lot of significant declines. Hence, we are working on the process every day just to keep in touch and see how best we can keep improving it. We have also increased our, as Niranjan mentioned, intake of freshers to almost double what we did last year. This is just one batch that we have done. We'll continue to do it for other batches as we absorb these people onto projects very soon. That's kind of what it is and it's a challenge every day. But we continue to work to refine that.

Moderator: The next question is from the line of Arpita Garg, an individual investor.

Arpita Garg: I have two questions. The first question is - how is the Europe expansion progressing? Are we on track to achieve the revenue diversification and the targets that were set? My second question is - how is the OneKellton initiative progressing?

Niranjan Chintam: Srinu has answered some of the OneKellton ones. I'll let him on again to give you a little bit more clarity on that. Coming to the Europe one- the strategy is still there. As you are aware of what's happening with Ukraine, there is an effect on the economy-wide in Europe specifically. While we have ambitions to grow there, this probably is the setback of probably two quarters to what we had expected in terms of growth. So, we are still focused on that. We want to get to the 10-15% of the target that we want to achieve, but due to various reasons, we have become a moving target. First, it was COVID, and now it is the Ukraine-Russia war that is affecting some of the initiatives and launches of companies set earlier, by delaying or deferring them. There is a lot of activity going on in the digital transformation space. We have the right people now in Europe to take us to the next level but unfortunately, they're just on the brim of the pipeline and it's not getting as aggressively filled up as we wanted it to. We are working on it. But like I said it's probable that we are two quarters behind on where we want to be. For that, we will be aggressively pushing to make sure that we make up for at least one-quarter of the two-quarter delay that we have, and hence achieve these numbers sooner than what it's showing up now. So, it is to make sure that we will achieve this number. It could be so that this will be delayed by one quarter, in achieving the numbers that are targeted for this year. Srinu, can you let us give a little bit more color around OneKellton because the question has come up again?

Srinivas Potluri: Absolutely. There are two aspects to the whole OneKellton integration and roll-out. One is the customer-facing side and one is internally within the organization, with our employees. Both of these exercises have gone on very well. Right now, 100% of our major customers were reached out to and were informed about OneKellton, the broader portfolio of services, the global nature of OneKellton, the integrated approach to a customer's challenge or problems, and the solutions that have been built out. All of those have been explained. There is a lot of excitement from our customer side. They do want to understand how they can take advantage of OneKellton and so on. So, you will see a lot of changes happening within our large customer base - where they want to leverage the combined portfolio of services of Kellton. You will see that there will be growth within the large customer base. From an employee perspective, the top management and even the middle management are completely onboarded. They understand the benefits of OneKellton from the base level of employee perspective and what it means to them. We are doing global town halls, meetings at a local level where necessary, going to our clients' sites where a lot of our employees are working, taking them out for lunches and dinners, and explaining to them the whole concept of OneKellton. So, a lot of good progress has been made; very happy with how it has been received. We're seeing the results and that is definitely a big boost in the arm for everyone.

From a perspective of collateral, website, realignment, tools integration, etc. - that's an ongoing process. Those kinds of changes are a little difficult for employees as well as customers to accept and realign so those are a work in progress. Within the next couple of months, we expect that realignment will happen. The processes which were at a very localized level are now being rolled out at the global level. Obviously, all of these processes will have to be nuanced from a local perspective. but since it's OneKellton, all employees and all the customers will go through the same process. So, we don't want to lose the agility of Kellton by bringing in the OneKellton initiative in bulk. We are being very careful. We make sure that the processes don't hinder any growth. So, this will take a little bit of time and we are working on it. Any specific questions on OneKellton that I have missed, please feel free to ask again. I'll be able to answer but that's the update I have with respect to OneKellton.

Niranjan Chintam: Thank you Srin. Back to you, Margaret .

Moderator: The following inquiry comes from Vijay Lakhani, an individual investor.

Vijay Lakhani: I was simply curious about the profit margin considering the company's labor costs are increasing. All in all, what is the industry average for profit margins, and will profit margins or PAT margins go down from now on assuming work costs are high, and what is your aim for PAT margins in the future?

Niranjan Chintam: Employee expenditures have increased dramatically in accordance with industry trends. I believe it is as high as 30% in certain circumstances which in turn is a reflection. But after witnessing the entire cost of this from a pure numbers standpoint, the company was probably in the low teens on average when taken into account all of the worldwide employee cost. So that's the figure and it's a bit that's venturing directly into the EBITDA figures. We were able to achieve moderate inclination in customer bill rates, but not all of it has yet been factored into the figures. That's the reason behind seeking the duration of a quarter to two quarters for the complete reflection of the expansion in client rates to come into play as well as new pyramid way of providing fresh talent at the base of the pyramid that we are trying to leverage some of our costs benefits out of that. These two quarters will take up the progress as requested. Our goal is to move into the high teens in terms of EBITDA, closer to 20%, and a PAT margin of approximately 11 percent to 12 percent, which the company accomplished last year. It's effectively achievable ; nevertheless, due to rising costs and the inflationary effect, the company has encountered some headwinds in achieving the targets. And there was a big knock to the profit margin this quarter due of the increasing cost of labor and yearly appraisals that occurred in the first quarter of this calendar year, which is the fourth quarter of the company for the financial year In this way, to address your question, we aim to be in the high teens in terms of EBITDA and probably 11 percent -12 percent in terms of PAT.

Vijay Lakhani: So, will this be in accordance with industry standards?

Niranjan Chintam: This industry is probably more difficult. The EBITDA will most likely be in the low twenties, which our company can achieve. This year, our goal is to return to the high teens, with a percentage of 11 to 12 percent. Our target is we're going back to get to that high-teens and 11% to 12%. Thus, indeed, we will return to the industry in the near future.

Moderator: The next question is from the line of Hemal Kapasi, an individual investor.

Hemal Kapasi: My inquiry is on a recent order we received from Hyderabad Metropolitan. I wanted to line up certain questions such as how long it takes for order execution, what the order size will be and what margins will be attainable in the near future along with any similar arrangements we have underway?

Niranjan Chintam: To address there, Mr. Karanjit would respond to the inquiry however I assume to be equipped with numbers. Right now, it's only the first phase of what we won which is considerably low likely to be a few crores according to sourced reports. To answer your question about the margins, we'll have typical government margins in work and the output gained has been mentioned last year, or last quarter, with remark that we won this and it is going to have an impact on the company in the near future to highlight a Jal Jeevan related award. Unfortunately, the government has been a touch sluggish in accordance to releasing bids. There was a lot of anticipation that tenders would be released soon, but the process was delayed. I can't provide surety if it's the conclusion of the fiscal year. There were other objectives that the people were attempting to meet but our recent findings suggest that everything is back on track and the new bids will be launched over the next quarter or two quarters, including the Hyderabad Metropolitan Water Board. There are few additional tenders that will be released and thereby our company would have a strong chance of getting most of them, if not all of them, because we have a track record of establishing our ability to deliver. We will be observing these aspects in a short span of time but not due to a lack of effort. It's merely that governments have taken a long time to release the bids.

Moderator: The next question is a follow-up from the line of Srinivas, a retail investor.

Srinivas: As mentioned, IT industries are big fish. They have a big pyramid and it is very difficult to retain the manpower, employee basically. I was recognising that the organization is looking at providing an ESOP to the managerial level or some other lead or project lead; so that they should not move on because of the ESOP scheme that the organization will give. Is that the case since I don't believe large corporations or big pyramids behaving projects grant ESOPs. Perhaps they're providing at the executive level. In consideration to my previous point, if that sort of system could be implemented at Kellton Tech, would it help to reduce the number of resignations? And the second is that labor costs, which we are witnessing, can be cut

somewhat because they will have a package through the stocks. That is, in my opinion. Is there any type of think tank mechanism in place inside the organization?

Niranjan Chintam: So yes, absolutely you're right. We do have an ESOP scheme. We provide ESOP plans to key workers, but only on a limited basis. . These schemes not only comprise managers but the management goes all the way down to the individual employee level, and on the basis of the employee's performance and the criticality of their needs, the management do cater the needful requirements. These are the three key variables that we consider when deciding whether or not to provide ESOPs. While we cannot be as liberal as many Startups, we are rather generous when it comes to giving out these ESOPs, and this is one technique we have employed. So, Srinivas, I hope I've answered your question. I'm not sure whether there was another portion of the question that I overlooked.

Srinivas: I got the answer but providing what I am trying to communicate is that aspect is really going to help and in that pyramid of a big organization part , actually the question was if pyramid... My question was in response to your statement that you must compete with huge IT firms that have significant hiring power. Considering, if they're supplying ESOP at X level, and that X quantity is given in your region, if you take X minus one level, you get the same type of quantity. So, what I'm suggesting is that the notion of retaining an employee in a small IT firm can be altered. Interestingly that will change the entire onset for investors too. With this, I mean that the majority of individuals do not invest, especially in small businesses because of their observations on resignations. This is my own view as a human. So my question was to be interpreted in this way. If there is a think tank, I will like to keep it that way; if not, I will try to retain it this manner.

Niranjan Chintam: Yes, you're right. So, there are various strategies we employ which include ESOPs to retain people but the company is selective while providing it. This was something that I wanted to bring out to notice . Simply put, I think there is a limit to the number of ESOPs too. We only received a specific proportion of shareholder approval. That component may need to be reconsidered. Whether we want to expand that pool, we'll discuss it at this year's AGM to determine if we need to raise the amount of ESOPs available. I believe we've reached that conclusion. I just need to take another look at those data to see where we are. But I'm delighted to take your suggestions into account and discuss them with the board to see what their thoughts are. Thank you for taking the time to comment.

Moderator: The next question is from the line of Rajesh, an individual investor.

Rajesh: My question is about new customer wins and looking over the list of new client wins. In terms of customer profile as well as the type of work in digital engagement and enterprise platform work, it appears to be fairly impressive, and I believe there was a similar list of wins in the prior quarter. So, I wanted to have a better sense of it because of the dilemma: are these kinds of **(Inaudible)** **(38.55)** initiatives and initiatives continuing year-on-year are some kind of

small short-term initiatives? I just wanted to get a sense of how this works. Moreover, what is the typical ticket size of an ESOP you see in terms of range, because if these things accrue and are ongoing and moving to ongoing contracts, then it would imply that these things indicate large amounts of incoming revenue in the years down the line. So I wanted to get an insight of a scenario, for example, with this list of ten new clients, do we anticipate performing work for the entire organization, structured in several areas, or is it only confined to a few small initiatives for these companies?

Niranjan Chintam:

Rajesh, to answer your query, As a corporation, we employ a variety of tactics. Mr. Karanjit will provide the explanation on how we select one customer over the other two. The "land and extend" strategy for example, is a tactic in which we aim to get our foot in the door first. Taking into account an example of a company, Accenture is one of the many companies we occasionally compete with. As they're an entrance player and they have bigger muscles than what we have. For these large monsters, we strive to keep beneath the radar as much as possible. We don't want to catch their attention as otherwise they will bash us up and wouldn't even let us get into the customer. In these cases, we attempt to acquire a small initiative from one business unit, not from the corporate side, but from the business unit side, and then scale it up. We expand on it and go on to larger numbers after stepping in there and people start reporting how well we're able to deliver. So, to respond to your query, Initially, the order profile ranges from a few hundred dollars to a thousand dollars which accounts for half a million, and then it gets to a million taking into consideration the entire customer life cycle. Mr. Karanjit, perhaps would take the questions about how the company chooses one customer over another, why it chooses, and what measures we employ to pursue a customer.

Karanjit Singh:

Yes, Niranjan, without a doubt. As Niranjan mentioned, most digital initiatives start out as projects since they're either internal ITTs or there are outside vendors involved. Our first point of entry is usually a specific initiative to which we would join up. As indicated before, once we're in the phase of full-fledged working with the client and have a substantial body of work and a lot of capability in providing these digital solutions, we as a company then engage and expand those projects into your expectations. The aim is to always start from the beginning and figure out how to enter charging and gain follow-on projects or own a certain segment of the customer's business. We are the hunters as there's always a strategy as we go and moreover there is a dedicated team inculcating hardworking sales team but alongside we also have dedicated account managers and program managers whose only job is to work with the customer and see how they can derive more value and how we can actually, also provide more value. In fact OneKellton is one of the significant steps taken to bring all the corporate assets together by providing one glue to the customer. As a result, our dialogues with clients will be elevated to an even higher level. Also we've launched a Key Account Management programme for customers that have a lot of potential. There are particular tracks on how we may engage them at the greatest level running there. Srinu interacts with those clients, and I do the same in my region and throughout Europe. Our Europe Head meets with them to

discuss how we can collaborate and assist them get even more value. It's kind of a typical journey. That's essentially what we're working towards,, and we'll keep refining and executing that plan.

Rajesh: As it can be seen, this is the entrance point, and ideally, we will see an uptick in numbers two quarters down the line ?

Niranjan Chintam: In addition to Rajesh, I wanted to mention that typically 80% of the company's revenue comes from the existing customers. We earn 30% of our revenue from new clients, which is not the same as recurring business. Even though we begin with a few \$100-1,000 but after examining the whole life of the customer, the value that we get is in the millions of dollars. As a result, we are not overly concerned about the initial size of the order because we look at the potential of what it is that we can get from the consumer throughout the course of the physical journey. We have clients that have been with us for at least 15-20 years, and we continue to service them. So, we have a lot of longevity and there are new customers that come in. They may come in and execute a project, or we may feel that it will not work out in the long run, but there is an in depth analysis that goes on before we start taking on the first projects to determine the potential. If there's no potential, the company skips these few \$100-1,000 orders and says, "Hey, this isn't worth it." That's because it'll be a one-time order; we won't receive a multi-year order after this. There is a great deal of analysis going on there. There's a huge art and a science to that.

Rajesh: I have one more question. So, when you say for example 10 new clients, does it mean this is the first-ever engagement with these clients or are these clients who we have worked with in the past and then resuming now?

Niranjan Chintam: So, these are new clients. . If a customer is already in the system when we start a project with them, they are not considered new customers. If they aren't already in the system, this is the initial project; we'll start with the client, who eventually becomes a new customer win.

Rajesh: Much within these figures, they seem even more intriguing when you put them all up for a year. It appears that we have access to roughly 30-50 new clients every year, with a solid profile. So, if it looks like...?

Niranjan Chintam: Rajesh typically it takes an year to fully gestate a customer. Once we win them, we start communicating and thereafter we launch the project. We're almost two quarters into it now, before we start seeing revenue coming from a customer. Over the course of a year is when the company starts seeing the real reflection of the numbers coming in from these new customers.

Rajesh: I'd like to make one final point about this. Is it because we have these new clients that we are on the list of empaneled vendors or is it the other case?

Niranjan Chintam: This has now gone into the backlog, what we call it. The deal has already been signed. That's an MSA agreement. We don't treat that to be anything. MSA is just MSA. If you don't win the first, we're not getting a dollar-number to it. Then it's not considered a win.

Rajesh: If MSA is already there and then there is an additional project on top of it?

Niranjan Chintam: Yes. Correct.

Rajesh: And lastly, Do some of these are professional services type of projects also or is it all like services, some managed services?

Niranjan Chintam: Mostly like digital transformation as you've seen 81% of our revenue comes from digital transformation, 14% from enterprise and there are some professional services that we do. We do it because we occasionally have to provide what we refer to as "me-too" services. We don't want that much money to come into one of our customers. We say, "Okay, we'll do this for you because you requested it," and we say, "Okay, we'll give that." Just picking names(48.15) from the discussion. Wipro, Infosys, or anyone else a small vendor may arrive, and then start doing the same strategy of landing and expanding in the similar way of ours. To protect the territory, we may provide professional services if the consumer requests them, but it is not by choice.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Niranjan Chintam for closing comments.

Niranjan Chintam: Thank you Margaret. Thank you everyone for joining our Q4 and year-end earnings call. Thank you for taking the time to join us and for becoming a valued stakeholder. Please look us up if you are in Hyderabad or Gurgaon, and I would be pleased to sit down and chat to you in further depth. Just reach out to our investor number and they will be happy to come out, speak with you, and provide you with further information. Thank you again for joining the call. Looking forward to talking to you soon.

Moderator: Thank you. On behalf of Kellton Tech Solution Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.