



KELLTON TECH SOLUTIONS LIMITED.

To

The General Manager, Listing Department, BSE Limited, 1 st Floor, New Trading Wing, Rotunda Building, P.J. Towers, Dalal Street Fort, Mumbai-400001	The Manager, Listing Department, National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400051
Scrip Code: 519602	Scrip Code: KELLTONTEC

Dear Sir/Madam,

Subject: Transcript of Q4/H1 – FY 23 Earnings Call held on MAY 31, 2023

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Q4/ H1 – FY 23 Earnings Call held on Wednesday, May 31, 2023 at 05:00 hrs (IST).

Pursuant to Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript is also available on the website of the Company at the following link:

<https://www.kellton.com/investor-call-transcript>

This is for your information and record

**Thanking You,
Yours faithfully,**

For Kellton Tech Solutions Limited

**Rahul Jain
Company Secretary
Date: June 06, 2023
Place: Hyderabad**

Kellton Tech Solutions Limited
Q4 & FY23 Earnings Conference Call
May 31, 2023

Moderator: Ladies and gentlemen, I hope you're having a good day. Welcome to the Q4 & FY23 Earnings Conference Call of Kellton Tech Solutions Limited. As a reminder, all participant lines will be in the listen-only mode. However, there will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during the conference, please signal an operator by pressing "*" and then "0" on your touch-tone phone.

Before we begin, I would like to add a short cautionary note. Some of the statements made in today's conference call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties that could lead to results different from what's anticipated. Please note that such statements are based on the management's beliefs and assumptions derived from the information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements while making any investment decisions. Today's earnings conference call aims to educate and build 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. We have Mr. Niranjana Chintan, Chairman and Whole Time Director of Kellton Tech, Mr. Karanjit Singh, Chief Executive Officer (CEO) - India, and Mr. Srinivas Potluri, Chief Executive Officer (CEO) - the US.

I now hand the conference over to Mr. Niranjana Chintan. Thank you. Over to you, sir.

Niranjana Chintam: Good evening, everyone! Thank you for joining us today. I will start with the financial highlights of this year and this quarter, and then we'll talk about the qualitative stuff of what we achieved over the last quarter. For this financial year ending FY23, we had Rs.919 crores worth of revenue with an EBITDA of Rs.95 crores and a PAT of Rs.57 crores. This is without the exceptional items. We'll talk about the exceptional items in a short bit to give an explanation

there for that too. With the exceptional item, the revenue and EBITDA still stay the same. The PAT is a negative Rs.126 crores.

Now, going to the quarterly numbers, the revenue for Q4 is Rs.243 crores with an EBITDA of Rs.17 crores and a profit of Rs.7 crores. So earnings per share for the last quarter is Rs.1.2. That's the earnings per quarter. For the whole financial year, the earnings per share is Rs.5.51, without the exceptional item. With the exceptional item, it is a negative Rs.13.56.

Now, lots of people may have questions about exceptional items. Exceptional items are nothing but goodwill we have been carrying on our books. As you are all aware, we have done multiple acquisitions over the last few years that have been sitting in our subsidiaries overseas. We had three subsidiaries where this goodwill is sitting; one is Kellton Tech Inc., which is the US entity; Kellton Solutions Inc., which is another US entity, and Kellton Solutions Ireland. So that is where all this goodwill has been sitting.

I've also been talking about OneKellton for over the last one and a half years. Since we launched the OneKellton, the brand values that have been sitting as goodwill in our books have no value anymore because now we are only projecting Kellton and not the prior brands that we acquired in the past.

So our auditor recommended doing a complete write-off instead of amortizing. So we are done with it, and that is where this exceptional item of Rs.184 crores or \$22 million has been written off completely, and that is why you see our whole year has turned negative. This is a one-time write-off, which means that all our goodwill, at the international or consolidated level, has been written off. Our ratio should start looking better, and our balance sheet size has shrunk.

Now, talking about the customer acquisitions: we acquired about eight new customers this quarter and about 30 over the financial year, over the last quarter, is about eight new customers that we acquired and about 30 over the last year.

In terms of operational highlights, we have set up a state-of-the-art Kverse Customer Experience Center and Innovation Lab in our Gurgaon office. Our customers can visit us and get a feel for the kind of work we do. The center features Interactive Smart displays, IoT platforms, Virtual and Augmented Reality Technologies, Metaverse, and other Immersive environments. So, setting up the center is indeed a big achievement for us.

Kellton has been recognized in the SME space by Zinnov Zones. We have been recognized as a leader in the Small & Medium Service Providers and Consumer Software segments by Zinnov, based on parameters like scalability, verticals served, client base, and specialization. Kellton's deep focus on Digital Engineering & Enterprise software verticals has also been recognized in this year's ratings from Zinnov.

Hindustan Times has also recognized Kellton as one of the leading companies in the blockchain space, which is another prestigious achievement for us.

Now, with that, I would ask Karanjit to talk about the AI. I know everybody is curious about what Kellton is doing or planning to do in the AI space. We have been doing lots of research into it, and Karanjit will talk a little bit about that. Then, I'll hand over to Srini to talk about some of the major hires that we made in the US that would help us grow in the years to come. With that, Karanjit, can you talk about the AI, what we've been working on, and how soon we'll be coming up with an outward-looking strategy while we already have an inward-looking strategy in place?

Karanjit Singh:

Thank you, Niranjana. Hello, everyone. So as all of you would be keeping track, there has been a lot of excitement with the whole ChatGPT thing with generative AI. And obviously, it will go through its own hype cycle, but it's a very exciting development. And at Kellton, one of the things that sort of defines us is basically working with the latest technologies. So, as Niranjana said, as soon as this whole ChatGPT and generative AI came up, we put out teams on it. In fact, we conducted internal hackathons to get everybody excited and also to come up with ideas we could explore or bank on. And then, we went through a process of selection because that will also help us figure

out the use cases that we have, and then, as you know, we have combined a lot of use cases.

We have started having conversations with a couple of our customers. Without naming them, I can say that there are at least two or three customers with whom we are having active conversations. So, we are helping them figure out use cases in their domains so they can actually use generative AI effectively. At this point, as Niranjan said, this is all we are working on internally. We are now in the process of basically refining our strategy around AI and ChatGPT, finalizing it, and then going out to market with this strategy.

Niranjan Chintam: Srinu, do you want to talk about the major hires we made in the US so that people get a feel for what's happening?

Srinivas Potluri: In extension to what Niranjan mentioned about the OneKellton initiative and the strategic nature of our growth plan, we have put in place to execute some of these initiatives, and we've started those hirings to make this possible. We have hired a couple of VPs and AVPs to support us; one of the hires has been a VP for strategic alliances and products based out of California. He will be driving the charter for developing and scaling new strategic alliances in the Cell One and Cell Two models and leading the go-to-market for our software products, IP platforms, and accelerators.

Another big hire that we've done also joins us as an AVP for digital and IoT platforms based out of Seattle, Washington. He will be leading our foray into digital and IoT platforms and solutions focused on sectors like healthcare, fitness, automotive and industrial. These are the two major players from marketing, sales, and business development; we have also hired a couple of systems and enterprise-level architects, also based out of the West Coast. In the future, we plan to continue to make hires to support the growth and sales of OneKellton.

Niranjan Chintam: In addition to the US, we also have a strategy for India. We have a new head of sales. We are aggressively hiring in the sales and sales enablement part of our business. However, we've slowed down hiring for the rest of the teams, including the developers, based on multiple factors, such as market

conditions and customer feedback. We will continue to make investments into new technologies such as AI, IoT, Cloud, and Cybersecurity; these are our high-focus areas, and we will be continuing to make investments when it comes to both sales and sales elements. We are also open to new hires if we require some strategic people for the execution part.

With that, can you open up a question?

Moderator: We will now begin the question and answer session. The first question is from the line of Aman Vishwakarma from Robo Capital. Please go ahead.

Aman Vishwakarma: Just a couple of questions. First, are we maintaining the 24% EBITDA margin guidance that you have given?

Niranjan Chintam: That's our aspiration; we want to get to that. However, with that said, there is a lot that is going on in the industry. We had to increase our employee salaries. The economy in the Western world isn't in the best shape; the talent pool is still limited. So some of the numbers, the differences are actually this reduced EBITDA margins that we had for last quarter is related to our annual increments that we give in January of every year. Also, we were not able to increase our bill rates to the extent we wanted to because of the customer hiring freezes and their own specific challenges, So the number mismatch is there when it comes to what we are charging versus what our costs are. That arbitrage has, I think probably everybody is facing in the industry. We are also facing similar pressures when it comes to cost increases. But our bill rates are not increasing to the extent that cost is increasing. So yes, we still want to target that. But with that said, right, with the new technology focus that we have gone into, hoping that some of the productivity increases that we can get out of. Using AI ChatGPT, generative AI, and all those kinds of tools, we should be able to squeeze some additional margins over the next few quarters. This quarter is probably going to be a little bit better than whatever we had last quarter, but going forward, we'll be in much better shape.

Aman Vishwakarma: How much is the order book?

Niranjan Chintam: So typically, we have close to 8 to 9 months of order book backlog that we have into our books. I am not able to recall the exact numbers; however, usually, we have this eight to nine months' worth of order book.

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

Rajesh Mundra: What is the revenue target of the company for three years angle?

Niranjan Chintam: See, as we talked about earlier, right, our aspirational number is 200 million. Today, we are 110 million, but I think we can still achieve it unless some major disruptions happen. Europe has, as I spoke earlier, still has been a challenge for us. But what we are seeing is early signs of some green shoots coming out; our pipeline is increasing. So, hopefully, with this new technology implementation that we have started and also we'll be doing, now we hope that we can get a lot more revenue coming in, pipeline building up, order book building up, so all that, but the three-year target is for us \$200 million.

Moderator: The next question is from the line of Bhumik Shah, an individual investor. Please go ahead.

Bhumik Shah: Now, my question was also in that line only, which you answered for Rajesh, actually. So any guidance for this financial year in terms of revenue growth and in terms of our top-line sales growth?

Niranjan Chintam: I don't want to give guidance for this year. The reason why I say is that, as you probably have noticed, Germany is in recession now, and there is going to be a cascade effect. We don't know how it is going to affect the Western world, which is primarily where we're getting 80% of our revenue comes from in the Western world. So everybody is facing a risk of recession. So I don't want to give guidance, and I'll be wrong with it. I will say we will have some growth for sure. What it is that today, I don't want to give guidance.

Bhumik Shah: Okay. But we will have growth on what we did last year; that will be for sure, right?

Niranjan Chintam: There's no guarantee, but that is our ambition and goal that we want to get to.

Bhumik Shah: I have been on con-calls from some other IT companies as well. And they have been guiding very well. So they are very much confident of having good growth even though the market is unexpected. So that's why I was a bit perplexed.

Niranjan Chintam: So there's a marginal growth if you saw all IT companies for last quarter; we did much better than many of them if you look at last quarter's revenues. So everybody's growth has fallen. There's going to be some growth that we will get to. But I don't want to give guidance just exactly how much the growth is going to be. We did more than what most others did. And we hopefully want to do a better job than others, but again there is a risk of recession that people are still talking about. Hence, I cannot give guarantees. That is the point I was trying to make.

Moderator: The next question is from the line of Devdatt Gowda from SPL Finance Limited. Please go ahead.

Devdatt Gowda: My question is regarding the goodwill, about the write-off, something \$100 million odd we did. I am an individual investor. Will it impact any debt?

Niranjan Chintam: This goodwill is a balance sheet effect, right? It is a nominal entry that we have to pass through P&L. It has nothing to do with debt. Anytime we do a write-off of goodwill, it is passed on to the P&L, and then it's the balance sheet. But at the end of the day, it's a balance sheet item, not really a profit and loss item. We are operationally still profitable, and we will continue to be profitable. It's just that when you do these, we pass through; hence you see the big number saying that it's negative for last quarter or for the whole year, which is a nominal part of it, in real cash terms, right, we are positive.

Devdatt Gowda: So from the next quarter onwards, this would not be there, right?

Niranjan Chintam: No, it won't be there. This is a one-time write-off. We're done with it.

Devdatt Gowda: That's why your stock price today is around 10%.

Niranjan Chintam: I cannot comment on the stock price. It's outside my control.

Devdatt Gowda: Investors need to understand financially; that's why I saw that report yesterday night, and I am also confused because it's a very big number.

Moderator: We have the next question from the line of Aman Vishwakarma from Robo Capital. Please go ahead.

Aman Vishwakarma: My question is related to the US business. So what sort of exposure do we have in terms of revenue percentage from the US?

Niranjan Chintam: 80% of the revenue comes from the US.

Aman Vishwakarma: 80% of it? So that's a huge number. So are we planning on reducing that sort of exposure?

Niranjan Chintam: We have been trying; that's one of the initiatives we launched in Europe that we have not been successful, but now we have changed the leadership in Europe, and our pipelines are increasing. So yes, and also we have made for in the Middle East, and we are making deep investments into the Middle East hoping to diversify. But as you are aware, right, the US, in dollar terms, spends the most in IT, so there is a concentration there.

Aman Vishwakarma: In one of the previous questions, you said that you weren't able to pass on the cost as much as your expenses grew. So I mean, when the US is undergoing such a recessionary pressure there, I mean, how can we even expect to pass on the cost to the US?

Niranjan Chintam: You are right. That's what we are saying. We were able to pass on some cost, but not all of it, hence the margin squeeze that we have. So the only way is to improve our productivity. The new generation of technologies, such as AI and ChatGPT, can be leveraged to increase productivity, which is what Karanjit was talking about earlier so that we can squeeze more out of our existing developers without hiring. So we believe that we can get more productivity out of our existing engineers, thereby yes, the cost will not be to the customer. So these are some of the things that we have already started working on internally, and like Karanjit was saying, we are already talking to customers to do their work using some of these tools to help launch products much faster. So the focus is really on improving our margins.

Aman Vishwakarma: And you also said that I think you guys tried to expand in Europe. So what went wrong there exactly if you may brief me a bit about it?

Niranjan Chintam: It's a leadership issue that we were hoping that we had some strategic hires there that did not pan out. So we have retooled our leadership there and re-engaged. Europe is not an easy market compared to America. So it's a learning curve for us, and I think we learned the lesson now, and we are doing a much better job of building the pipe now compared to earlier.

Aman Vishwakarma: But are our products ready to cater to the European market, or do we still have some work to do?

Niranjan Chintam: We are into services. And we have all the tools that are needed; it's just that our strategy did not work out, so we have changed the strategy, changed the leadership, and we are now seeing some signs of increase, and we're going to read out the list. Now, we have all these analysts that have given us the leadership position that also is helping, and we are going to get more analyst reviews and get ratings that way too. That will also improve our credibility all over the world. So we are doing all the things that are required. It's a matter of just customers accepting and giving us the business.

Aman Vishwakarma: So it was more of a customer issue and your service issue, right?

Niranjan Chintam: I'm sorry you broke up there.

Aman Vishwakarma: It's more of a customer onboarding issue rather than your service issue, right, you're all in the service.

Niranjan Chintam: It's nothing to do with us not being able to deliver. So we have successfully delivered many, many projects including in Europe. It's just that customer acquisition has been a challenge.

Moderator: We have the next question from the line of Sanjay K, an individual investor. Please go ahead.

Sanjay K: Congratulations. Compared to many companies, the company has a good increase. So great work on the revenue side. Definitely the impact on the bottom line and as you

already mentioned, the reasons for that. Any more elaboration you want to give, like what are the initiatives you are taking to increase the bottom line or margins other than productivity, I mean, are you going to introduce more of the freshers, low-cost resources, and increase in more managed services compared to professionals, how things are basically going to shape up in the coming year?

Niranjan Chintam: Let me answer your questions. So, typically what happens is when we hire versus when we start seeing results is about six months lag. That is how long it takes for a cycle for us to get business or get the productivity of any delivery person or what we call the implementation person, right? So there is a lag of that, at least a minimum of one quarter, right? For us, we say, okay, two quarters it's going to take before they start producing. So the cost pressure for the first six months I have is going to be higher, and then we start producing. Now to answer your question on how else we're going to improve, we're going to use the tools that we talked about in the earlier conversation where I said in AI part of it, increases productivity, so that would give us additional margins that we can get. Regarding your question on freshers, yes, it's early days, last year, we hired about 200-plus freshers, and this year we haven't come up with a strategy yet. The reason is we're just being mindful of what is happening all over the world the economic situation, and we are every day readjusting and retooling ourselves to cater to what we are seeing. So, yes, there will be hires for sure. How much or how many, we don't know yet.

Sanjay K: And another point about the new business, what you're getting like, how is it, is it more managed services, is it more professional services, and is that mix -?

Niranjan Chintam: So we would be doing more of the services, but we are getting into what we call the platform play. So when we do the platforms, that will give us a faster implementation. It's not a product sale, mind you. It's a platform side of it. And then, using that, we should be able to launch quicker solutions to our customers with better margins. What used to take months probably will take a few weeks to probably took a couple of months versus in a six months cycle that earlier that we are doing. So we're doing all these different strategies to increase that. We are not into managed services at this point. The managed services business is a commodity play, and what value we add there, we don't see it, but it will give us a top line, but the bottom line is still

probably less than what we can get from the services versus managed services part of it.

Sanjay K: In the last call, you mentioned that you'd be having discussions with analysts on creating more coverage and more visibility of your company among your investors. Have you taken any such initiative as I've not seen any much activity in the last quarter?

Niranjan Chintam: Of course, we are talking with analysts. I think Zinnov is one of them that we talked about. And ISG is another one that we talked to. We're trying to get one by one up the chain. But if you're talking about the stock market analysts or the fund managers, we have not done that yet. We first want to get all of this third-party authenticating our capability; only then we'll go talk to the stock market and fund managers, probably a couple of quarters from now.

Sanjay K: So you just mentioned that the coming quarter is going to be better than last quarter, which is Q4. So is it now you're saying that mostly the Q1 onwards, you'll be seeing more improvement in your operational performance going forward, like from Q1 to Q2 and Q3?

Niranjan Chintam: Like I was talking earlier when I said right, once when we start seeing revenue is about six months. So that is the reason why I'm confident that our numbers should look better. Well, we will continue to make investments, hiring people to help us with this new AI part of it, with AI-enabled IOT that Srinu talked about, how do we sell that to the healthcare side of it, how do we sell our capability that. So there will be some investments made, but our cost will not be as significant increase as what we did in the last quarter, and the quarter prior where what we call the front loading; that's what we normally use internally. We are front loading our hires so that our numbers look better as the quarters go on.

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

Shanawaz: Sir, I want to congratulate you when you just told about goodwill, which is there in your books, so that is being done. And I have seen the market today so that reaction has also come. The second is about like performance on revenue, that also I want to

congratulate you. I was expecting something more than 16, but to be very honest, that was my wish. Actually, many of them asked the questions; hopefully, we are going to do better. I have a certain question. One is like when you said nine months order book, so I should multiply with Q4 number like whatever you have given in the Q4; finally, if I multiply by three.

Niranjan Chintam: The nine months we will talk about for the whole year, right? So that's how it comes. You are right.

Shanawaz: No, no, what I'm saying, you said for nine months order book you're having, so you have done 240-243 something, so is that multiplied by three is the order book you have similar kind of, that nine months means what I should understand basically, that is not clear, the relative –

Niranjan Chintam: The best way is to take the whole year and go with nine months instead of doing it like that, so then the average is out. So that is the book that we have in place, and it's probably around eight to nine months, right, it's not exactly nine months; it's somewhere around there, it's in between, in the going year the number will be better.

Shanawaz: In the last meeting, you said you have the wish list of 20% EBITDA, right?

Niranjan Chintam: Yes, that is the target that we're going to.

Shanawaz: We have done 7%; even some of your peers are also doing 20-22%.

Niranjan Chintam: Again, I told you; we front-loaded our cost; that's what happens

Shanawaz: In your balance sheet, you have written an earnout payment of Rs.45 crores, and you have borrowed something to pay that if I see the cash flow statement. So can you elaborate what is the earnout payments you have made, whether you acquire some company for which you have made some milestone payment, or what is exactly the earnout payment?

Niranjan Chintam: So this was an acquisition that we made about over little three years, and there was a balloon payment that was due. There were a lot of negotiations going back and forth, and finally, we agreed on a number, and we paid that out. So that's the reason why you saw the amount of earnout that was paid out in a cash flow

statement, and as well as we had to borrow some money to pay that out. We didn't have enough cash to do both, right, invest in the growth as well as to pay out the earnout, that's the number.

Shanawaz: Yes, that acquisition is what you did three years before, so you are showing that revenue also in the reporting, or you will show now from -

Niranjan Chintam: It's already included in the revenue. It's been included for the last three years.

Shanawaz: 100% of that.

Niranjan Chintam: Yes, 100%. We don't do any partial acquisitions, we always do 100%.

Shanawaz: Only payment is the milestone you are making.

Niranjan Chintam: Correct.

Shanawaz: In the orders, you have added eight new customers. However, you have mentioned only technical details; I could not understand half of the details. What is the fixed order book we have, because I've also invested some of my money in some other companies. Sometimes when they win some big orders, they tell the market about it. So it gives a sense that the capabilities, representation. So out of these eight customers, what is the size of the order book, single order? I'm not talking about the cumulative order backlog that you have because you may not be giving that, but what is the single largest order you have?

Niranjan Chintam: So you're asking about the eight new customers. Initially, as I always talk about, the order size is small. I will pick one, right, you asked about this one, it's a \$500,000 order that we got, but the next year it will be multi-million. So that is how these new customers that come on board. Initially, it's a few \$100,000, and then over a period of time, they grow into multi-million dollar orders.

Shanawaz: So what is the single largest order you have received as of now, sir, multi-million, if you say any customer?

Niranjan Chintam: So probably, I would say the largest order received is about \$10 million.

Shanawaz: Sir, now with this salary, like as a Kellton as a team, can we see 2023 as ours from the top line and bottom line?

Niranjan Chintam: You know there's a recessionary pressure in every part of the world, except India is booming.

Shanawaz: The numbers, sir, if I compare even with the same size of the company, there's a deep change; they are doing 22%, 23%.

Niranjan Chintam: I don't want to comment about them. I don't know the details of their companies. I can tell you that from our perspective, we have the open book; you can come and see anything you want to see; you're welcome to visit our office and see what we do and how we do it. I guess investors came and talked, they visited our offices, they got a tour and all this stuff. So love for you to come and see too. So beyond that, right, we are doing the stuff that we need to do, and hopefully, right, we will start increasing our margins, our top lines. If you believe that something that we are not doing, we are all ears, we would definitely consider it, take it to our board, discuss it, and come up with a better way to do these things. We are hiring all the top senior guys that have been there and done it to help us in our growth. While some of the strategies did not work, many of our strategies did work, and it's a work in progress, right, we will get there. Unfortunately, right, every time we do some of these things; first, we got hit with COVID, then now with the recessionary pressure that's going on. You could say that others are doing better, but I don't know what others are doing or the numbers are what they are. So let's just go from there and leave it there, I don't want to go beyond that.

Shanawaz: What is the employee strength of Kellton Tech as of 31st March '23?

Niranjan Chintam: I think it's a little over 1,800 people.

Moderator: The next question is from the line of Rahul Patani, an individual investor. Please go ahead.

Rahul Patani: I wanted to understand your segment-wise revenue in the US; revenue is being generated from US regional bank US real estate, which is mostly impacted.

Niranjan Chintam: So when you say segment-wise revenue, are you talking about industrial segments or something else?

Rahul Patani: Industrial segments such as banking, healthcare, travel, tourism, etc.

Niranjan Chintam: I don't have it handy, Rahul. Let me get back to you on this while our team is pulling that information out. So we do have some concentration of revenues when it comes to the new-age customers: we have a large part of our revenues coming from banking, travel, and hospitality; in banking, we are catering to lots of fintechs as well.

Rahul Patani: Order book loss that has happened in the US because of the recession there?

Niranjan Chintam: Let's say the new businesses right are coming in; they put a freeze on it. We have not lost anything on the order. They said, okay, we are not going to be doing the new initiatives that we were targeting for this year. So that is where we are. But whatever loss that we have is very small, not a big amount. The number of new initiatives that we have been committed to it's going to start in Q1; they didn't start, I'm talking about calendar year Q1, they're going to start in the US, and it got pushed by two quarters. Srini has a lot of war stories on these where we projected out something internally, and then we see that, hey, customers put a freeze on it.

Rahul Patani: Your borrowing on debtors is increasing.

Niranjan Chintam: Borrowing is because of what we talked about earlier with Shanawaz; it's an earnout payment, and that's why the borrowing has increased. Nothing else. This is all about the same, right in line with what the revenue is. Typically we have debtors of about 90 days, which comes to a one-quarter kind of revenue is always going to be our debtors because the collection cycles take longer, especially in India, it takes longer; in the US also, lately, we have seen that some of the collections are taking longer than what we originally were projecting out; hence, the debtors may have gone up, but typically right, as you said, 90 days a quarter worth of revenue is what is in debtors.

Rahul Patani: And now that one channel initiative is not working, what is the impact that you're seeing overall?

Niranjan Chintam: See, the positive impact from a customer is now we are doing it in only one brand, not multiple brands. The team is working more synergistically than what they were doing earlier. So we are able to sell all of our services.

Rahul Patani: Is there any software that you're planning to build and launch?

Niranjan Chintam: We're not coming up with any software as such. We're not a product company. However, we have lots of platforms to help our clients solve their business challenges. So, someday, we might package them into a product.

Rahul Patani: Are you planning for any acquisitions in the future?

Niranjan Chintam: We're going to be opportunistic. There's no plan. If something comes along the way, we would definitely consider it, but no plan as such.

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

Niranjan Chintam: Thank you all for joining us on our Q4 & FY23 earnings call. We look forward to speaking with you again in the future, and if you happen to be in Hyderabad or Gurgaon, please feel free to visit us and learn more about our company and our employees. We appreciate your ongoing interest in Kellton and ask for your patience as we work to improve. Thank you once again.

Moderator: Thank you on behalf of Kellton Tech Solutions Limited. The conference call concludes now. You may disconnect your lines.