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Date: May 29, 2025

To,
The Listing Compliance Department
The Bombay Stock Exchange Limited,
PJ Towers, Dalal Street
Mumbai- 400 001
Scrip Code: 544343

Sub: Transcript of the Analysts/Institutional Investors Meeting / Call on Financial Results for the second half year and year ended March 31, 2025

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the conference call on Financial Results (Standalone and Consolidated) for the second half year and year ended March 31, 2025, held on Friday, May 23, 2025 at 12:30 p.m.

The above information is also available on the website of the Company i.e.:
https://www.capitalnumbers.com/investors/corporate-announcements.php

Kindly take the same on record.

For **CapitalNumbers Infotech Limited**

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Date: 2025.05.29 18:59:58 +05'30'

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SIKHA BANKA
Company Secretary & Compliance Officer
Mem. No. A47067

Encl: As stated above

"CapitalNumbers Infotech Limited

H2 & FY '25 Earnings Conference Call"

May 23, 2025

MANAGEMENT: **MR. MUKUL GUPTA – CHAIRMAN, CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR – CAPITALNUMBERS INFOTECH LIMITED**
MR. VIPUL GUPTA – EXECUTIVE DIRECTOR – CAPITALNUMBERS INFOTECH LIMITED
MR. SANKET HARLALKA – CHIEF FINANCIAL OFFICER – CAPITALNUMBERS INFOTECH LIMITED

MODERATOR: **MS. POOJA GANDHI – EQUIBRIDGEX ADVISORS PRIVATE LIMITED**

Moderator: Ladies and gentlemen, welcome to the CapitalNumbers Infotech Limited Q4 and FY '25 Earning Conference Call hosted by EquiBridgeX Advisors Private Limited. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone.

Please note that this conference is being recorded. I would now like to hand the conference over to Ms. Pooja Gandhi from EquiBridgeX Advisors Private Limited. Thank you and over to you, ma'am.

Pooja Gandhi Thank you. Good afternoon, everyone and welcome to H2 and FY '25 Earnings Call of CapitalNumbers Infotech Limited. From the management today, we have Mr. Mukul Gupta, Chairman, CEO and Managing Director, Mr. Vipul Gupta, Executive Director, and Mr. Sanket Harlalka, CFO. Before we proceed with this call, I would like to give a small disclaimer that this conference call may contain certain forward-looking statements which are based on opinions and expectations of companies. A detailed disclaimer already given in company presentation, which is being uploaded on Stock Exchange.

Now, I would like to hand over call to Mr. Mukul Gupta for opening remarks. Over to you, sir.

Mukul Gupta Thank you so much, Pooja. Good afternoon, ladies and gentlemen. This is Mukul Gupta. I am the Founder and the CEO of CapitalNumbers. Welcome to the first Investor call of the company. I would like to extend my heartfelt welcome to all the existing and potential investors, industry analysts and anybody else who is on the call.

It is my great privilege to be able to present to you the past progress of CapitalNumbers, the last financial year itself. I would be referring to the presentation which we have uploaded on the Bombay Stock Exchange. I hope that you have access to that. I will not strictly be following it page by page, but that will be the basic direction of the talk.

To begin with, I will quickly – for those of you who have joined us for the first time or who is coming across CapitalNumbers for the first time, just a quick introduction. CapitalNumbers is a full-service digital engineering company based out of – headquartered out of Kolkata. We are a team of about 500-plus professionals. Majority of our clients are basically coming from US, UK, and Europe. About 98% of the revenue is export-driven.

The company started in 2012 and we got listed on the Bombay Stock Exchange in January of this year. We are an ISO 9001, 27001, and SOC 2, Type 2 compliant company, which is one of the fewer -- we are one of the few companies in India to have this sort of certifications. We offer end-to-end digital engineering solutions, focusing on both AI, ML, GenAI, cloud engineering, and core digital engineering and analytics services as well.

We are highly rated, so we currently enjoy top ratings on independent review platforms such as Clutch, GoodFirms, Trustpilot, and G2, which makes us a go-to choice for companies who are looking for providers in India. And we are also highly rated on employment websites such as

AmbitionBox and Glassdoor, currently enjoying very high ratings as compared to our peers. So basically, we are also an employer of choice for people who are looking for growth in their careers.

Going forward, talking about the journey of CapitalNumbers, we started in 2012 and 2025 has been a marquee year for us. This year, we basically expanded our development center in Gurgaon and I will talk to you about that briefly later on during my talk as well. We also established a sales office in Netherlands and we got proudly listed in the Bombay Stock Exchange.

This is the first time I am presenting to you as investors. This is our first investor call, so please looking forward to any input that you have during the Q&A as well. Moving on to financial highlights, so our total income for last financial year was INR105.6 crores roughly, which was an increase of about 5.27% on a Y-o-Y basis. Our EBITDA stood at INR35.7 crores, roughly, which was a 2.07% decline on a Y-o-Y basis.

Our FY EBITDA margin was 33.77%, which was a 2.5% decline on a Y-o-Y basis. Our FY '25 net profit was INR25.8 crores, which was exactly almost the same as the last financial year. And our FY '25 PAT margin stood at 25.8%, which was 0.6% decline on a Y-o-Y basis. And during my talk later today, I will definitely be explaining these numbers and the rationale behind that. The company enjoys quite a good balance sheet and cash position.

Currently, we have cash and investments of roughly INR136 crores on the book. We enjoy a strong liquidity position with the current ratio being at 32.08%. We are a debt-free company. The return on equity stood at 23% and the return on capital employed stood at 21.76%. Our cash flow from operating activities stood at INR19.23 crores. The P&L and balance sheet has already been uploaded, so I will not go into P&L and balance sheet, but I'm very happy to answer any questions around that.

I think it's very important for me to sort of explain what impacted our growth, because I'm completely cognizant of the fact that the company has not grown very aggressively. Although we have grown every year, we haven't really grown by a very aggressive figure in the past two or three years. So let me quickly talk about this in the next couple of minutes.

So if you look at our growth trajectory, then the most important thing I would like to highlight to my investors is that the IPO was basically done on 27th of January, 2025. So whatever financials, whatever numbers that you are seeing is basically still reflecting the FY '24 pipeline that was built and the management bandwidth was almost tied in the later half of the year for preparing for the event, preparing for our listing, preparing for the legal and the Road Shows.

So we only had about 45 days post-IPO to make any new investments or to execute any plans. So whatever result, majority of it is basically based on FY '24 performance and data. Then what happened is a deep seek, basically. So when I was doing my road shows, the two things that the company was pursuing, we were already seeing sluggish growth in the U.S., so the two things that we were pursuing was investment in AI-driven projects and obviously expansion in Europe and Middle East.

So these two things were my core area of focus, where I still focused on where I want to grow the company. Now DeepSeek basically launched exactly on the same date as our IPO, that is 27th of January, 2025. Now what it did, it created a confusion and chaos because it came with a promise of 10% of cost of what it would cost otherwise to deploy on other models.

So that caused a lot of slowdown in a sense that caused a lot of confusion where people started re-evaluating their AI initiatives and started looking at DeepSeek of what impact it would create in the marketplace. We had quite a decent flow from Middle East where we were seeing a lot of traction, but we were also new in the Middle East market. So one of the things that we didn't realize at all was that during the period of Ramadan, the market would be entirely closed for a month.

So just around 28th March to around, I think mid of April, we didn't realize that there would be no business activity that will be done in the Middle East region. So that led to delayed onboarding. And then later on due to Umrah [inaudible 08:15] with a couple of like a bank, another company in the Middle East where we're supposed to deploy on-site resources.

And we didn't realize that due to Umrah, no visas would be granted during that period as well. And that led to a situation where our onboarding for whatever pipeline visibility we had in quarter 4 was severely delayed and impacted. In the European market, because of the Trump tariffs, it led to again chaos and that led to a slowdown in the European market as well, but we are coming out of it now.

And I would like to talk about it again later down in my talk as well. But the other thing I would like to reiterate is that the performance that you see in the current financial year is majorly based on FY '24 contributions, FY '24 investments that we have made. And the IPO funds was only deployed in the past couple of months of February and March of 2025.

So talking about EBITDA, because we realized that the EBITDA has reduced. And although the EBITDA is still quite high in terms of our industry peers, but it is reduced on an FY basis. So what led to a reduction in EBITDA? There were three factors that came into play. The first factor was that right after our IPO, we invested a lot in marketing and trade shows.

In fact, we did three events in the month of February and March. And we also expanded on our marketing activities. These were upfront marketing investments, which are supposed to generate ROI later in these financial quarters. So that led to an increase in marketing cost. The second factor was that we invested heavily in capacity building. So we have hired people in key managerial positions.

We have hired people in AI, for example. We have hired a department head for artificial intelligence. We have hired somebody, a director of sales in Europe. So we have invested in key marketing and key management positions, which led to a sort of increase in the cost in the short term. But again, you will see the ROI coming out of that in this financial year. Again, we were primarily operating out of a development center in Kolkata.

We had a small development center in Gurgaon, which was around 24 seater. We expanded that to about a 60 seater capacity in Gurgaon, which is now just this month, it came at 100% capacity. So that rental cost increases what also impacted us. So the three key reasons which led to a reduction in EBITDA was increase in marketing activity, investment in key managerial positions and expansion of our Gurgaon development center.

So again, moving on to our IPO. So we raised about INR84.68 crores and the IPO was on the 27th of January 25. Within that, we have so far utilized roughly INR1.25 crores in the last financial year, out of which INR1 crores was spent on business development and around INR12.76 crores roughly was spent on hiring in that year in terms of new technology investment.

So business highlights. So as I was saying is that we have appointed a director of sales in European region. So we now have an office in Netherlands as well and we have hired a very senior person who comes with a lot of industry experience, is a lateral hire from a company of similar size. So we believe that with his addition to the company, we will now see a lot more traction in EU.

I would like to reiterate that EU and Middle East remains our core geographical focus for the current financial year and all our marketing and sales investments geographically are being directed to these regions. We are continuing to expand our digital engineering capability and our focus on AI, ML, and GenAI solutions is we have completely focused on those areas and we believe that those will be the primary drivers of growth in the years to come.

Some key ratios. Our top five clients contributed about 17% of the total revenue and our top 10 clients contributed about 27% of the total revenue. In terms of geographic concentration, North America is about 50%, so it still is the predominant market. As a client share, it has the large client share. UK and Europe is about 30%. Middle East and Africa now stands at about 10%.

We have a small practice in India as well, which is about 5% of the revenue and the rest of the revenue comes from the other countries as well. Geographically, for this financial year, our focus remains on UK, Europe and Middle East. About 90% of our revenue is about recurring, and 10% from the revenue that the company has is basically on a fixed cost one-time billing basis, one-time project basis.

Just some operational updates. So post our investment in marketing and post our investments in all the capabilities that we have done, we have already seen strong pipeline development since April 1st, 2025. We have signed six new MSAs in this financial year. These MSAs are all year-long engagements. They are from multiple industries, automobile, e-commerce, public safety, healthcare and these six MSAs are supposed to add about $1 million to our top line in the current financial year itself.

We are in additional talks to, on the final stages almost to close a new deal around sales force implementation. The value of this deal would be about $100,000. It's something that we are closing in the Middle East region. The reason I'm specifically mentioning this is because this is also in line with our IP objectives, technology advancement, and getting into these new areas was one of our key focus. So our investments in those areas are paying off.

Also, our investments in the marketing that we did and continue to do right now is also paying off where we are seeing a strong pipeline development as well. So we are increasing our team count. The Gurgaon Development Center was expanded from 36 to 60 and it is at 100% occupancy now.

We have invested in upfront recruitment of the team and this team should become 100% billable by Q2 of this financial year. Our focus again remains on AI cloud and emerging technology-related projects. The current headcount is roughly around 500-plus people working in the company.

To talk about some recent achievements, the company won the Times Business Award for IT services in 2024. One of the proudest moments for the company came when we won an award through NASSCOM for growth, leadership and tech services. The award was presented to us by our Honorable Minister of Commerce and Industry, Shri Piyush Goyal in Delhi and that we became one of the first companies from Eastern India to win such an award.

The company, basically, we continue to participate in several global conferences and we have already like we are continuously investing in those areas, again, in line with our IPO objectives. We have already done about four events since post our IPO, four international events, one local event. And then we have already signed up for 10 major events in the current calendar year.

This marketing effort, we believe, would lead to a strong pipeline development for the current financial year itself. Just as we speak to you, there are two concurrent events which our teams are currently attending. So we already have two live events. One event is GITEX in Berlin. Another event is Seamless Digital Commerce in Dubai. We have two separate teams which are already visiting in those events.

And as we speak, there are parallel events. So the only reason CapitalNumbers was able to, is able to execute on such aggressive basis and have a situation where we have two separate teams traveling to two separate events at the same time is because of our proper utilization of IPO funds and our commitment to scale the company. So one delegation is being head by our Head of Sales, who is from Gurgaon also a new join to the company.

Another delegation is being headed by our Director of Operations. So future outlook and strategy. We have -- we currently are, we currently believe that we should grow, our organic base should grow by about 15% on a Y-o-Y basis this financial year. We have also earmarked about INR40 crores this year for an acquisition. We have appointed a very credible management consulting firm to help us identify the target where the contract was signed just a couple of weeks ago and we are still started the process of identifying the company.

We also, our goal is to get back to our previous EBITDA margin as soon as possible and then improve it. So we believe that we should be able to improve our EBITDA margin by about 100 to 150 basis point this financial year. We have also earmarked about INR20 crores for development of a new delivery center in Gurgaon.

So as I was saying that we have a 60 people seating capacity in Gurgaon, which is already at capacity at 100% occupancy level. So we are looking to expand that. This year we plan to add about 100 plus engineers in the company and the focus would remain AI, ML, digital engineering and sales force.

So I would like to, like our strategic priorities for this particular year is again to expand in the key markets, increase our investments in AI and emerging technologies and also to sort of and also establish an office in Saudi in Riyadh, which is also a key market for us. Our long-term vision remains unchanged. Our goal is to double the revenue in next 36 months and to become a leader and an industry leader in AI driven delivery models.

So just before I close, a couple of things I would like to mention is that the company is debt free. We have a good war chest of cash available for M&A activities. Post IPO, I have also done a further acquisition of shares for roughly INR3 crores and that basically demonstrates my personal confidence in the company and its future growth trajectory. That is it. Thank you so much. I am very happy to answer any questions that you have. Looking forward to the interaction.

Moderator: First question is from the line of Rajat Gupta from Rajat International. Please go ahead.

Rajat Gupta: Thank you for the opportunity. Hello, sir. My name is Rajat Gupta and I just wish to ask you about the overall health of our business. Sure, sir. Hello.

Mukul Gupta: Yes, I can hear you. Please go on. Rajat ji, I can hear you. Please go on.

Rajat Gupta: Yes, okay. Currently, we are possessing around more than 25% of our -- more than 25% of our market cap in cash terms. And we are not requiring any capital as cash, working capital. So, may I know why we are retaining this as idle cash?

Mukul Gupta: Sure, sir. So, sir, you are asking if I am to rephrase your question for everybody's benefit, is that we have 25% of our market cap as cash and why am I retaining that cash? Right, sir? Okay. So, anyway, I'll go ahead and answer this question. So, this cash that you see on the books is just post IPO. It has only been about 2 months. Last financial year, we had only 2 months. We have already started deploying the cash.

If you look at our objectives of the IPO, we basically said that we earmarked around INR20 crores for a strategic acquisition, whereas this year we have already earmarked around INR40 crores for acquisition. So, this cash that we have on our books would be deployed over the next three financial years, both towards internal capability development and towards M&A. So, this year we have earmarked around -- yes, sir.

Rajat Gupta: And how much that acquisition is likely to bring what percentage of growth in our business?

Mukul Gupta: Sure, sir. So, this year we have earmarked around INR40 crores for our acquisition. So, we are looking at a company between 3 to 5 million and we haven't really identified any particular company yet, but we have internally budgeted around INR40 crores. So, we believe that it should lead to a minimum revenue of 3 million is what we are expecting.

Rajat Gupta: Okay. So, is it some kind of backward integration?

Mukul Gupta: It will be a backward integration. So, we are looking at acquiring a company in similar lines of businesses as ours. So, companies whom we can basically acquire and scale. So, Yes, it will be a backward integration, sir.

Rajat Gupta: And that will attain the growth that will be more than what we attain by buyback or dividend, right?

Mukul Gupta: Yes, it should definitely. Organically, we are presuming that we are hoping to grow by 15% and that excludes any revenue growth that would come from inorganic acquisition.

Rajat Gupta: Okay. And one last question is, sir, what is the reason our working capital is tied for so long? Now it has increased tremendously and that brings our ROI very, very steeply downwards. So, may I know the reason?

Mukul Gupta: Okay. So, Sanket ji, are you on the call? Can you answer this question on working capital?

Sanket Harlalka: Working capital, I don't think there's an increase in working capital. The ROI is down because of the IPO money that has been left in FD account which earned around 6% rate of interest. And once it is deployed and it will earn the revenue, the ROI which we are currently getting, the ROI will definitely increase.

Rajat Gupta: But that squeeze our EBITDA margin because our employee cost has also increased tremendously, right?

Mukul Gupta: So, it will not be like that. So, when we are trying to acquire a company, we will definitely not be looking at a company which is not EBITDA positive. So, we will be looking at profitable companies only and then integrate them into our operations. So, because of an acquisition, our EBITDA margin should not reduce.

Rajat Gupta: But that will be for the future course of action, right? I'm talking about the current financial year. Our employee cost has increased. So, that has squeezed our EBITDA margin.

Mukul Gupta: Yes, sir.

Rajat Gupta: So, may I know the reason why it has...

Mukul Gupta: Yes, Yes, I now understand the question. Yes, Yes, I got the question. I got the question. So, thank you. No, thank you for clarifying that. So, what happened is, again, we anticipated onboarding of certain projects to happen in the first quarter -- last quarter of the last financial year.

And those onboarding didn't happen, because of which we basically had people who were on the bench and also we invested in certain high caliber management people. So, like department head for sales, a sales head in Europe, also an AIML head, department head for center of excellence. So, that has led to an increase in cost of manpower, where you have not seen that return to revenue, which you will see happening in this year, sir.

Rajat Gupta: Okay, okay. So, and your final comments on this FY '26 target revenue and PAT, please. Thank you.

Mukul Gupta: So, Yes, Yes. We are assuming, we are hoping that our EBITDA will improve by about 100 to 150 basis points and our top line will grow by 15%. Sanket ji, am I right in saying that?

Sanket Harlalka: Yes, correct. Exactly, we are planning at least 15% next financial year. Yes.

Rajat Gupta: On the bottom line as well, on the PAT?

Sanket Harlalka: The PAT about 100 basis points, 100 to 150 basis points. That margin is 100 to 150 basis points, but the impact will go to PAT only.

Rajat Gupta: Okay, thank you for patiently attending my question and all the best for you, sir.

Mukul Gupta: Thank you, sir. Thank you for joining the call.

Moderator: Thank you. Next question is from the line of Sanket from Aarth AIF. Please go ahead.

Sanket: Hi, team. Thank you for the opportunity. So, my first question is that the client concentration has not changed since FY '23. So, is that due to the number of clients being roughly the same or is it that the top five and top 10 clients, like they -- only those are the same?

Mukul Gupta: Thank you so much for joining the call. First and foremost, yes, you are absolutely right. The client concentration hasn't changed because the last time you published the data was for the separate September and H1. Between H1 and H2, there was no significant change in client concentration.

And we are now actively trying to move in the direction of spending more or acquiring more clients in European and Middle East region. So, this financial year, you will see some changes in client concentration as we acquire some higher value clients in these regions.

Sanket: Okay, all right. And my next question is, can you comment on the spending cuts which are happening in North America and Europe towards the IT sector and how is the company being affected and overcoming these challenges?

Mukul Gupta: Yes, so it is definitely led to a lot of chaos and confusion in the marketplace. How it has impacted us is basically in an indirect way. So, because if you look at all of these major companies in America or in Europe, which has basically announced a job cut due to AI or whatever reason, it has led to a situation where people sort of have a short-term availability of local talent who are looking to work at any salary, for example.

So, that has created a short-term situation for us. But because of whatever marketing investments, because of whatever sales effort our team has made, we have seen quite an uptick in our pipeline and we believe that this will not impact us in a long-term basis.

Sanket: Okay, got it. And I could see that from the results which were posted that there was INR21 crores which was spent on issue-related expenses. The number seemed quite high. So, can you kind of comment on that?

Mukul Gupta: Yes. So, Sanket ji, can you take that question, please?

Sanket Harlalka: Yes, Yes, the issue expenses, our total actual size is around INR170 crores and these issue expenses belong to INR170 cr, which is around 12% to 13% of the total issue size.

Sanket: Okay, okay. And is there any limit on the general corporate purposes?

Sanket Harlalka: No, there is no general limit, but we have also marked that that one can be used for acquisition also.

Sanket: Okay. All right. And so, firstly, I want to also ask about the new office that we have in Gurgaon.

Mukul Gupta: Yes, sir.

Sanket: The capacity is around 60 people. So, is it possible to kind of give a figure of how much revenue this new office has generated this year?

Mukul Gupta: So, we haven't worked out those numbers. So, when we took that office, it was 24-seater. We maxed that out and then we expanded to 60-seater. A lot of that, the capacity that we built over there has been for the future, like in a sense that we have now a pipeline which we need to backfill with talent available, as well as certain projects that we're supposed to close in the Middle East and Europe.

So, that was all for that, but it's a 100% capacity now which should lead to revenue in Q2 of this year. But we don't have an exact number of revenue from the Gurgaon office, no, sir. So, we'll keep a note of that. Maybe in the next presentation, we'll have the data as well.

Sanket: Got it. Got it. And overall, from the entire company, from the employees in India as well as abroad, can you give like a attrition rate figure?

Mukul Gupta: Yes, sir. So, attrition rate this year, last financial year stood at 26.2%.

Sanket: Okay, okay. Got it, got it.

Mukul Gupta: But we'd like to comment that the satisfaction is okay.

Sanket: Okay, that was all from my end. Thank you.

Mukul Gupta: Thank you so much, sir, for joining.

Moderator: Thank you. Next question is from the line of Amogh Kedia from FWH. Please go ahead.

Amogh Kedia: Yes, hi. Thank you for the opportunity. I just wanted to ask you, sir, I heard your commentary on why the revenue wasn't growing since the last 2 years. But then I was looking at competitors that you had cited earlier, such as Silver Touch and InfoBeans, and All-in Technologies. All these companies are growing at 25% plus kind of growth rate over the last 3 years. So, then they are facing similar macro factors. So, what is the kind of fundamental reason that we are not able to match these numbers?

Mukul Gupta: Got it, sir. Thank you so much, sir, first and foremost, for joining the call. I take your question, you're asking that the peers whom we have listed, I mean, if they are growing, then why we are not growing?

So, the simple answer to that is that, I mean, so we did our IPO only. So, whatever results you see the last financial year, it's basically FY '25 investments. Whatever we were executing till FY '24, we only had about 2 months or 45 days to change anything. And what we changed is we built a capacity, we spent more on sales and marketing and sort of expanded our offerings.

This is the year when we see that because of all those investments that we have made in the last 2 months of last financial year, as well as whatever ongoing continued investment we are going to make, we have planned to make already, it should start seeing results from this financial year itself.

So, although we are saying that these are the companies whom we treat as our peer, in reality, so they are much big listed company than us. And not only we have the capacity, we have the funds available that we can actually deploy and be more aggressive in our work. So, that's the honest answer to it.

Amogh Kedia: So, go ahead. Thank you for that. I just wanted to also ask you about the AIML offering that we have. What percentage of revenue does that contribute to that AIML kind of offering that we have here?

Mukul Gupta: Yes, sir. So, AIML, cloud and data engineering. So, we club that five into one bucket. That's about 11% of our revenue.

Amogh Kedia: That's 11% of our revenue as of now, sir?

Mukul Gupta: Yes, 11% of the revenue.

Amogh Kedia: And then what would be the major revenue source for the company? Which bucket would that be?

Mukul Gupta: Core digital engineering, sir. So, product engineering. Core digital engineering is about 85% of the revenue, sir.

Amogh Kedia: Oh, got it. So, lastly, sir, the working capital days as it's been cited, it's shown to increase the working capital days has come to 211 days. So, why is that been increased? That I just wanted to understand. Working capital days.

Mukul Gupta: Okay. Sanket ji, would you like to take that question, please?

Sanket Harlalka: Sir, how you are commenting on working capital days? Because we are seeing that our debtor are around 26 days and vendors are around 10 days. So, how you are coming around that high figure?

Amogh Kedia: Okay. So, maybe there is some incorrect data on screener. I was looking at screener and it was showing 211. So, if you're saying it's around 24 days…

Sanket Harlalka: I'll tell you what is that. 26 days is our data turnover . And the trade payables is our 10 days. So, this basically 16 days where our revenue got stuck. So, this is the figure actually.

Amogh Kedia: Got it. I've got it. Thanks. Best of luck. Thank you. Yes.

Mukul Gupta: Thank you so much for joining us. Appreciate for your time.

Moderator: Thank you.

Mukul Gupta: Thank you.

Moderator: Next question is from the line of Pranav Shrimal from PINC Wealth Advisories. Please go ahead.

Pranav Shrimal: Hello.

Moderator: Yes, sir. Please go ahead.

Mukul Gupta: Yes. I can hear you.

Pranav Shrimal: Yes. Hi, sir. [I'll speak 34:54] on the IPO and for the detailed info that you gave us. I have a couple of questions, sir. Sir, regarding -- can I get what was our sales growth of 9 months '24 versus 9 months '25?

Mukul Gupta: Sales growth of 9 months '25?

Pranav Shrimal: Revenue. Yes. Revenue '24 versus revenue '25. 9 months.

Mukul Gupta: Sanket, do we have that information with us?

Sanket Harlalka: No, we don't have that information. We can give you half yearly revenue growth.

Pranav Shrimal: Half yearly. No, because I'm trying to understand, sir. I understand that IPO came out at a little bad luck for us also. That a lot of global economic changes kept on happening. But apart from that also, sir, in the 9 months, did we see any growth for '24…

Mukul Gupta: No, sir. So I will take that, answer the question in a slightly different way. If you look at the company's trajectory prior to IPO, it was almost flattish. Like we were growing at maybe 10% or 5%, 7%. That was the kind of rate we were growing at. And it was then we did an analysis of what exactly we need to do to grow. And with that, we come up with some ideas. Okay, if you want to grow, these are the investments we need to make in the company. And with that intent, we did an IPO, which came in Q4.

So if you look at the past trajectory of the company, being like whatever factors were in play, and I will not go into that, but we realized our own shortcomings. And to overcome that, we are now investing and we are now trying to take a new trajectory. And definitely, it was flattish for the last 2 years. So I completely take cognizance of the factors.

Pranav Shrimal: Okay, okay. And secondly, sir, our EBITDA and cash margins have gone down this year. But overall, they are still quite high compared to other players. So going forward, do we expect some dilution or will this remain the same?

Mukul Gupta: EBITDA should remain the same. Our immediate business objective is to get EBITDA back to the pre-IPO levels.

Pranav Shrimal: So that would be around 35%?

Mukul Gupta: Yes, right. We were also in a kind of, after post-IPO, we were also kind of in a, I would say, hurry to sort of get good numbers fast, which is why we started investing more in marketing. And that should lead to more business in this quarter, sir, this coming quarter. So we should start seeing some results now.

Pranav Shrimal: And sir, in your initial remarks, you commented that we have increased our advertising and marketing expenses and payment is done upfront. So till how long do we enjoy the benefits?

Mukul Gupta: So every event would take about 6 months to pay off. So we have done about our first event happened in February. Some of the pipeline development has unfortunately been fast. So we already have a deal pipeline, like signed a paper contract of about 1 million signed with our clients as well. So I mean, the turnaround is pretty fast.

I don't have an exact number to give you, but we should like, it would take about second quarter, like two quarters for every event to sort of give results, because these are larger clients as well.

So it takes time to sort of close the deal.

Pranav Shrimal: Okay, okay. But going forward, do we expect the marketing expenses to remain on a similar track?

Mukul Gupta: No, sir. Marketing expense, no, no, sir. Marketing expense will definitely increase. We are like, we are very, very aggressive. We probably want to be extremely aggressive. So our marketing investment for this year, coming to 3 years will be increasing, sir. So we will continue to invest more in marketing.

Pranav Shrimal: Perfect. And one last question from my side, sir.

Mukul Gupta: Marketing to the percentage of revenue, we will try to…

Sanket Harlalka: Maintain, yes, sir.

Mukul Gupta: So every, this is all investment we should pay off in revenue.

Pranav Shrimal: And what would that percentage be, sorry? What would the percentage be?

Mukul Gupta: I think 8%.

Sanket Harlalka: 9%, right now.

Pranav Shrimal: 8% to 9%, right.

Mukul Gupta: Yes.

Pranav Shrimal: Okay. And one last question for myself, sir. We are expanding in Middle East, UK, Europe. Are the margins the same in these three regions? And secondly, do we see any particular product or service getting more response? And going forward, do we expect the sales mix to remain the same? Or is there some changes going on there?

Mukul Gupta: So margins are more or less same. So in a sense that we don't see a major difference in margin. In Middle East, yes, there is. In some deals, we do get squeezed on margins. But overall, it doesn't impact a lot. But in a sense that it should be almost the same. We don't see a difference in that. Also, in our sales mix, what is getting most traction is AI-oriented projects. So it has become, so all of these large organizations now have AI mandate. And it has become a very good door opener for us to go in and push with our AI capabilities.

So that is what is driving a lot of these contracts. And we will continue to push our advantage over there. In terms of margins between UK, Europe, and Middle East, it's more or less same.

Pranav Shrimal: More or less the same only?

Mukul Gupta: Yes, in Middle East, we're also trying to do a lot more on-site where we are getting higher margins.

Pranav Shrimal: And the acquisition that we're planning for, is it, are we final for companies, or that is also in work?

Mukul Gupta: No, we have just appointed a management consulting firm. It's a very renowned firm and specializing in M&A in IT services. So we have just given them a mandate. The mandate was issued a couple of weeks ago. And now we are in the process of identification of companies. Our intention is that within 9 months, we should be closing the acquisition. And within this calendar year, we hope to close the acquisition, but no target has been identified yet.

Pranav Shrimal: Perfect. So that's it from my side. Thank you so much, sir, and best of luck.

Mukul Gupta: Thank you so much for joining the call, sir. Thank you so much.

Moderator: Thank you. Next question is from the line of Riken from Capri Global. Please go ahead.

Riken: Hi, sir. Riken here. Sir, firstly, if you could outline that, you did indicate that the reason for the flattish revenue was some shortcomings at our end or certain investments that we had to make. So what are these gaps? And what kind of amount have you spent to sort of fill these gaps? And what kind of time frame will it take for you to sort of get yourself up to that mark?

Mukul Gupta: Sure, sir. So to answer your question, if you look at what we were doing just pre-IPO, when you're talking to, when you're doing the roadshow, the post-September, what exactly our company was doing. So we were kind of moving away from whatever we were doing in the past previous years, and we're focusing more on the Middle East and European regions.

So we're trying to grow in that region. Apart from that, we were also trying to grow our practice in the Salesforce region, Salesforce area. So those are two major strategic shifts that the company was in the process of making.

Just post-IPO, just once we did the IPO, the two things that happened is that, so sorry, I wanted to add one more thing. It's Salesforce and AIML are the two major competency areas that we're focusing on. So we hired somebody who had both of these departments and building capacity in both of these areas.

Just post-IPO, we took a hit on both of these fronts, first due to our own oversight. So for example, we didn't have a lot of exposure in working in Saudi, and it was, we didn't realize that the entire market would be closed for like a month, like nobody would do anything. And then the visas would be denied due to Umrah.

And we're working with the clients in a banking domain where the capability to send people locally was very important for us. And all the visas were put on hold, which is why we could not close those contracts. Thankfully, that is settled now, and we have started the deployment already.

In Europe, what has happened was, because of something outside our control, because of all the tariff war and whatever happened, it created a lot of confusion where people sort of stopped doing what they're doing and wanted to wait and watch it out what's going to happen. So that led to a situation where the, whatever promotional activities we were doing in Europe, it didn't lead to as fast a business development as we would have hoped for.

And then in AIML, because of the launch of DeepSeek, everybody wanted to see that, okay, let's look at our AI budgets, because it came with a promise of one-tenth the development, like one-tenth the cost. People started re-evaluating their decisions that, okay, we should wait for DeepSeek or do something or else. So that led to a slowdown on all of these areas.

So that is the kind of thing that's happening. What we then did is that, again, Middle East is already doing well in the sense of our, doing well in terms of our client relationship management and our sales activity. We didn't change anything in that area. We are doing six events in Middle East this, in the coming calendar year itself.

As we speak, our Director of Operations is in Middle East, so we are completely focused on that area as well. In Europe, we have signed up for some six, seven events across all major Western European countries. Last financial year, post-IPO, we invested about INR1 crores, I believe, in marketing and sales activities, all primarily focused on these events itself.

We believe that it should lead to a pipeline development. It's already led to a pipeline development, like we have a current pipeline of about, a new pipeline of about $1 million, which we should see in this financial year itself. And as we do more and more events on top of whatever existing traditional marketing activities we were doing, we should see a pipeline strengthening. And I think from Q2 onwards, we should start seeing a good revenue, revenue growth.

Riken: Yes, so what I was just saying is that, yes, I got your answer, but I'm just a little unclear as to, basically, of course, there were external volatilities because of various factors. But in turn, as you were basically indicating that the limited or low growth over the last 3 years, was because of certain gaps in the company, which you have then assessed, and post the IPO, since you had the funds, you addressed the same.

So I'm just trying to understand what were these gaps? [inaudible 46:01] Something is not that, but what are the gaps which you were saying, which impacted your revenue growth for 3 years?

Mukul Gupta: I completely got your question, sir. Thank you so much for clarifying and sorry about missing that out. So, okay, what we were doing is, if you look at all our competitors who listed peers who are growing, and we looked at what they are offering and what is it that we are not doing.

So first is local presence. Like to close, crack larger deals, you need to have a local presence. You cannot be a pure offshore player and then sell to bigger clients.

So in line with that, in Netherlands, so we have identified Middle East and Europe. I will take up US next year, purely because of management bandwidth issues. This year, we are focusing on creation of these local centers in Europe and in Middle East. So in Europe, we have already appointed a director of sales.

So whenever we are doing any new events and one such event is live, even if you go to our LinkedIn page, you will see an event happening for our local Director of sales from Netherland is joining those events. That will lead to credibility boost in a sense that people would trust local companies more.

Also in Middle East, our Director of operations is now stationed. He's traveling over there all the time. So we have tried to create a local presence and this calendar year itself, we will set up a company in the Middle Eastern region as well. So that's one factor.

Second factor is that we realized that the companies who are bigger than us, their focus area is a little bit different in terms of technology mix. For example, a quick study told us that Salesforce is one of those areas where they are all like Salesforce partners, either they are like senior partners in Salesforce and we wanted to grow that area of practice as well.

So we have invested in that. We appointed a head of delivery in Salesforce. We just in last calendar year, last financial, last 4 or 5 months, we did I think five projects in Salesforce. We are on the verge of closing our largest Salesforce deal and it's already in contract stage. So what I'm saying is we're already in the final stage of contract signatures. It's $100,000.

It's not a huge deal, but as a new practice to develop and to grow to $100,000 single deal level in a period of 6 months, I think it's a positive sign for us and we continue to grow in these areas. So creating market presence, doing more events and then getting into more technology savvy areas are the three major things that I'm looking to plug and we are continuously investing in that.

Riken: Okay. And second is on the guidance front. So you indicated about 15% growth. Is this including any organic actions that you do or this is something that you expect to deliver?

Mukul Gupta: It's only on the organic side. It's purely on the organic bit and I will take a minute just to explain our reasoning as well. The reason is that so for the inorganic part of the investment, my CFO has guided me that it's due diligence is something that can take longer in a sense that even if you identify the company, the due diligence part can take a bit longer, but for smaller companies, we believe that in 9 months, we should be able to close our deal. So we haven't factored that into our projections. The 15% plus that you see is purely organic growth.

Riken: Okay, understood. And lastly, in terms of the inorganic, I think you said INR40 crores is being, what's our key parameters, basis which we will sort of decide upon any M&A activity have we sort of already shortlisted any names? How close are you to anything that you are intending to do on the inorganic front?

Mukul Gupta: Sure, in terms of parameters for acquisition, it's very simple. What's the mandate that we have given is that we're looking to acquire a company which is between UD$3 million to UD$5 million in turnover. The majority of the revenue should be coming from Western economies, not from India.

So we don't want to acquire a company which is too heavily selling into India. So a company which is mainly into export, the company must specialize into any of the one vertical. So Fintech, HealthTech, Retail, other three verticals which we have given all the three verticals, they must specialize or they must have a vertical practice around one of the areas such as Salesforce or any of those things.

So they should have some sort of specialization and they must be EBITDA positive. So they must have good EBITDA numbers as well. So that is the kind of a basic criteria that we have given. We have just signed the contract in a sense to identify a management consulting firm who would be doing the scouting for us.

So we haven't identified any target yet. The guidance that we have been given by the management consulting firm and their professors are doing that and they are highly reputable in the industry as well is that within first couple of months itself, we should be getting to an LOI stage.

I am not sure that is what the numbers I am hearing, but I'm just hearing what they're telling us is within first couple of months, we should be getting to an LOI stage because of the size of acquisition. So if you're looking at a smaller company, it should be faster transaction for them as well.

Riken: Got it. And just one last point regarding the growth that you see next year, meaning FY '26 of 15%. Do you see that growth panning out equally across all the quarters or you think most of it will be back-ended? How are you looking at it?

Mukul Gupta: No, sir. So our marketing activities for this financial year is spread out throughout the year. So every month we are doing something in terms of marketing. We have a whole calendar set up. So we believe that the demand would be continuous and it will be a continuous demand coming into the company. So this 15% will be a gradual increase in our revenue. It will not be like a front-ended or back-ended. It will be a gradual thing.

Riken: Okay. Thank you so much.

Mukul Gupta: Thank you so much, sir, for joining the call, sir.

Moderator: Thank you. Next question is from the line of Veer Vikram Singh from Truvesta Capital Advisors LLP. Please go ahead.

Veer Vikram Singh: Hi, Mukul ji.

Mukul Gupta: Hi, Veer ji. Thank you so much for joining the call.

Veer Vikram Singh: Just what is the order book as of date?

Mukul Gupta: Yes. So this is something that we don't have. The way we look at that is that we have 90% ongoing retained business. So our client attrition rate stands at about 10%. So on the base of last year, we currently, we should have 90% of the business. On top of that, our current pipeline in terms of signed contract is around US$1 million with around another US$100,000 in like almost at the final stages.

Veer Vikram Singh: Mukul ji, despite we are doing so much investment in marketing and etcetera. The 15% looks unjustified? Despite doing so much and we are investing so much, we have done investment. We have started doing investment in last quarter. I will say the last financial year.

So the 15% organic growth doesn't look justified and you being using the word aggressive a lot of time, but the 15% growth doesn't look justified. It is on the conservative side. So if you can just build on that point?

Mukul Gupta: So I will give you a very fair and transparent answer to this. And I'm very, thank you so much for asking me this question. I'm completely understanding your point of view over here as well. So there are a few things I will be very honest. The first is our first investor call. It's the first time we are getting into such a thing.

So I don't want to say anything which I will not be able to deliver. So I want to say something which I know for sure that I will be able to deliver. Second, sir, in the sense that this is the, and as we go further down the year, as I have more confidence, I am sure that I will be able to change the, like revise the numbers on the upward direction.

But right now I want to be conservative in terms of what I'm committing to my investors. So that is why I'm giving a guidance of 15%. Also that completely is a form of organic based and I'm completely not counting in any growth or any growth that will come from any inorganic acquisition. That is something that's already we are working on. But that is the true and honest answer to this.

Veer Vikram Singh: That's okay. The second, we are doing so much events every month. I'm calling up that we are doing event X number of places. So as an Investor, we would like to have what deal you are signing after that event. And basically to have some numeric value to that thing. You have communicated in the month of March, I think so that we have signed one MOU with the company in this thing. I forgot the name. But what is the agreement value?

What is the deal size? We are, as an Investor, we would like to have that also. After every event, if you are signing some MOU, that give us the, if the value is not there, then we are not able to see how big is the deal and what will be the impact of that deal on the company and how company is doing.

Mukul Gupta: So you have made a very valid point. So I'm taking a note of that. As I said, we are very, very new. And just like in the sense that this is just so, we are a public listed company only for 3, 4 months now. We are still learning what's the best practice and we are committed to upholding whatever is the best practices when it comes to corporate governance.

So I've completely taken a note of what you are saying. And I will definitely consult with my management team and we'll improve our communication practices to our shareholders. We will definitely consider this.

Veer Vikram Singh: Okay, fine. One thing more…

Mukul Gupta: Yes, sir, please.

Moderator: Mr. Veer line got disconnected.

Mukul Gupta: Okay.

Moderator: Ladies and gentlemen, that was the last question of the day. I now hand the conference over to Ms. Pooja Gandhi for closing comments.

Pooja Gandhi: Thank you. On behalf of CapitalNumbers Infotech Limited, I sincerely thank you all of our investors and analysts for taking the time to join us on today's earning call. Their trust, interest and continued support means a lot to us.

We look forward to growing stronger together and keeping you updated on our journey ahead. Thank you once again for being part of our story.

Moderator: Thank you. On behalf of EquibridgeX Advisors Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.