

To,
National Stock Exchange of India Limited
Listing Department
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

Date: 11th Nov, 2021

**Subject : Transcript of the earnings call with Investors held on 28th October, 2021 after
the Meeting of the Board of Directors**

Reference: SM – INFOBEAN

Dear Sir/Madam,

With reference to above stated subject please find enclosed the transcripts of the Earnings Call with the Investors conducted after the meeting of Board of Directors on 28th October, 2021 for your information and records.

The audio/video recordings of the press conference and earnings call are also made available on the Company's website, at <https://www.infobeans.com/investors>

Thanking You,
Yours Sincerely,

For InfoBeans Technologies Limited



Surbhi Jain
Company Secretary and Compliance Officer

InfoBeans Technologies Limited

Q2FY22 Earnings Conference Call

October 28, 2021

INFOBEAN TECHNOLOGIES MANAGEMENT:

AVINASH SETHI – CO FOUNDER AND CFO

MITESH BOHRA - CO-FOUNDER AND PRESIDENT

SIDDHARTH SETHI - CO-FOUNDER AND CEO

MODERATOR:

SURBHI JAIN – COMPANY SECRETARY & COMPLIANCE OFFICER

DIWAKAR PINGLE – CHRISTENSEN ADVISORY, INDIA

CONFERENCE CALL PARTICIPANTS:

DEVVRAT HIMATSINGKA - JET AGE SECURITIES

VP RAJESH - BANYAN CAPITAL

SACHIT MOTWANI - PARAM CAPITAL

ANIRUDH BHANDARI – SIXTEENTH STREET CAPITAL

SUBODH PHADNIS - INDIVIDUAL INVESTOR

HITEN MUCHHALA - INDIVIDUAL INVESTOR

PRAGUL RAJENDRAN - INDIVIDUAL INVESTOR

ANAND JAIN - INDIVIDUAL INVESTOR

RAJESH- INDIVIDUAL INVESTOR

HETAL SONPAL - INDIVIDUAL INVESTOR

VARUN AGARWAL - INDIVIDUAL INVESTOR

PRATHAMESH KAREKAR - INDIVIDUAL INVESTOR

VEDANSH AGARWAL - INDIVIDUAL INVESTOR

Diwakar Pingle

Good afternoon, friends. Welcome to the Q2FY22 earnings call of InfoBeans Limited. I will now hand over the call to Surbhi Jain from InfoBeans to do the formal introduction and get this earning call going. Surbhi over to you.

Surbhi

Thank you. Good afternoon, ladies and gentlemen. Welcome everyone and thanks for joining this Q2 and H1FY21 earning call for InfoBeans Technologies Limited.

I request all the participants to please mute their mic. The results are available on the InfoBeans website, in case anyone does not have a copy of the same please do write to us, we will be happy to send it to you. To take us through the results of this quarter and answer your questions we have today with us Mr. Avinash Sethi; Co-founder and CFO, Mr. Mitesh Bohra; Co-founder and President, Mr. Siddharth Sethi; Co-founder and CEO.

We will be starting the call with a brief overview of the company's performance and then will follow up with a Q&A session. Any question in the chat box after the brief overview by Avinash is over and then we will address all the questions one by one. I would like to remind you all, that everything said on this call that reflects any outlook for the future which can be construed as a forward-looking statement must be viewed in conjunction with uncertainties and risk that we face. These uncertainties and risks are included but not limited to what we have mentioned in the prospectus filed with the SEBI and subsequent annual report which you will find on our website.

With that said, I now turnover the call to Mr. Avinash Sethi.

Avinash Sethi

Thank you, Surbhi and Diwakar for this call. And thank you all the participants for joining us and I'm pretty excited and happy to share the quarterly result and there are more updates for you as well.

InfoBeans is a digital transformation and product engineering Company, and we focus on creating innovative solutions to solve complex business problems for all enterprise customers that we have. We have more than 16 fortune 500 customers and they are present in USA, Europe, Middle East and India.

A quick glance, InfoBeans is founded in 2000, 21 years in the business and 110 clients, 1000 plus team members and 16 fortune 500 clients. The financial summary for last year, March 2021, Rs. 196 crores in top line, Rs. 36 crores in PAT, more than Rs. 100 crores of reserves and 43% CAGR since inception. We've been associated with multiple software powerhouses like Microsoft, Salesforce UiPath, ServiceNow, Automattic and we've been awarded several times for great place to work and Asia's best employer brand awards.

This is the transformation over the years, incorporated in 2000 in Indore, expanded in world over signed first fortune 500 client right after second year of inception and then moved on to SEZ from 2014, actually before that also, so this was a much larger office setup in the world and went public in 2017 and acquired a company in 2019 and we did a buyback early this year.

Some of the few clients that we are very proud of to be associated with, ALM, IQIVA, COAdvantage, Facebook, ViaTech, Inmobi, there is a company Under NDA which is a fortune 500 data services and data storage company, another big here is fortune 200 company which is largest logistics company.

This are directors and executive team, Siddharth, Mitesh and Avinash Sethi we all three of us are here fortunately, Mr. Santosh Muchhal, Mr. Sumer Bahadur Singh and Mrs. Shilpa were here in today's board meeting, they are independent directors. I'm very proud of this experience core team. Most of them are homegrown and they are the leaders which provide the strength to scale up at a faster pace. We are very dependent on these people, and we are very happy and proud that they are part of the InfoBeans journey. They've been with us for almost decade, each

one of them. Then we have two members from the Philosophie leadership team for helping the business grow faster.

Some of the key performances, we have been growing significantly, you can see from FY17, which is a year we got listed versus FY21, we are kind of doubling ourselves every three years, from Rs. 84 crores to Rs. 164 crores and Rs. 97 crores to Rs. 196 crores and so on at a CAGR of 23.5% for last four years. EBITDA margins have been consistently improving, PAT is also the increasing path, ROE, ROC, Net worth is constantly on higher path, dividend payout is also being fairly well. So look at the operating revenue performance from quarter to quarter we have grown about 9%, on a yearly basis we grow at 36%. On the EBITA side we have grown at 4% Q-o-Q but almost double growth 96% growth Y-o-Y from Rs. 8 crores to Rs. 16 crores. PAT has grown 10% Q-o-Q and 147% Y-o-Y which is growing very well.

For the H1 revenue has grown 29% as compared to H1 of 2020. Similarly, EBITDA has grown to 44% and PAT has grown to 81%.

On a quarterly basis, operating revenue has increased to 53% from Rs. 42 crores to Rs. 64 crores and EBITDA 96% to Rs. 16.5 crores, PAT 147% to Rs 11.7 crores. On a USD term, growth is 8.4% Q-o-Q

So, here is the consolidated. I was talking about total revenue growing up from Rs. 42 crores to Rs. 65 crores which is significant growth, however, the expenses have also increased from Rs.38 crores to Rs.53 crores. Let me tell you that after September 20, we had two appraisals one in October, the second one in March 2021, which is where the increased expenses have happened plus there are more other expenses, travel has started, facilities are also operating, so the increase in expenses also started to happen. There is significant other income showing up which is on account US Government Grant of INR 5.5 Crores. Therefore, I keep saying that we will be able to protect our EBITDA margins at a steady state level of 24% so and we are doing good at this point in time last quarter it was almost 29% but we will come back to normal margins and PAT margins were comfortable at in the range of 15%. So numbers are pretty much in line. On a balance sheet is not much movement. Typically, investments are getting redeemed or reinvested. Some lease liabilities are getting reduced slightly, so not much to talk here.

This is one of the important slides that I keep in all my presentations. This is where the growth strategy of InfoBeans is. At a broad level there are two things that we are focused on organic growth and the second one is inorganic growth. So, organic growth continues in terms of team expansion, in terms of sales team, in terms of delivery expansion, the building client relationships, acquiring new clients, focused on specialized skill sets, building R&D capabilities, investing in people, investing in infrastructure and all that continues. Similarly on the inorganic side, we continue to acquire companies that we feel is the right fit, to take enough time and due diligence to pick out the right target which we feel as a long term potential, has a long term value at the same time, aligned with our culture and therefore we feel that if it is a right fit only then can we go ahead and take up to the acquisition space. So that continues, I think this strategy has worked out well for us from last 4 year since we got listed. So we continue to invest more time, energy, and money into these strategies. So, this is what I talked about, we will go doubling ourselves every three years at this point in time with strong 5-year CAGR total income at 26%, EBITDA 36%. we are a debt free company, strong order pipeline and high committed and focus team.

So let me give an update on the business, 3 months ago we signed a term sheet with a salesforce company in Pune. This morning, post our due diligence we got an approval from Board to acquire 100% equity of the company. And I'm very happy and proud to announce to all of you that we have signed the definitive agreements and decided to acquire Eternus Solutions Private Limited, which is platinum consulting partner of Salesforce and if you look at our growth strategy, we are talking about acquiring companies in the ServiceNow space or Salesforce space and that continued this time also. Eternus is a pure play Salesforce company, and they have a team of 250 people, they are projecting to do Rs. 60 crores in revenue this year, and about Rs. 16 crores EBITDA this year. So, very happy to engage with Eternus, the way the deal is structured is, we will be offering Rs. 130 crores for 100% equity, it will be paid over 3.5 years until March 2025 and there is additional component which is an incentive of Rs. 20

crores based on the revenue and EBITDA projections that they've provided to us. If they superseded by 10%, then will be paying Rs. 20 crores in total over the next 3.5 years by FY23, FY24 and FY25. They're projected to grow at 32% in revenue and profits, EBITDA margin is over 25%, so they are margin accretive to us and hopefully we'll be able to close in pay by end of November, so the consolidation will start off 1st December that is the target as of now.

With that I think we can jump on to Q&A. So I wanted to run through this presentation quickly, and then open the floor for Q&A because we want to spend more time there, I'm sure you'll have several queries out there and we look forward to addressing each one of those. Let's move forward.

Diwakar Pingle

We will now start the Q&A session. The first question comes from the line of Devvrat Himatsingka. please go ahead.

Devvrat Himatsingka

Hello Avinash ji, good to see you Siddharth and Mitesh on the call. So, I had few questions and first one is, what will be the revenue of this new company that we have acquired.

Avinash Sethi

It is expected to be Rs. 60 crores at this fiscal year.

Devvrat Himatsingka

And we are expecting a growth of 32% over there.

Avinash Sethi

Yes, that is projected.

Siddharth Sethi

The growth is not on Rs. 60 crores, Rs. 60 crores is what we are already projecting.

Devvrat Himatsingka

Ok. So the next question is the employee cost has gone up quite a bit, so is that because of higher hiring or its just standalone cost increase that you have given to your employee.

Avinash Sethi

So it's a combination of all of those. One is two appraisals back-to-back, October and March and there is lot of parity leveling that has happened because we hired somebody at higher cost and in that group, team has to be leveled at the competitive salary, so internal leveling has taken place. And third is we has also given raise to our performers to protect our team, so we have to do that also. So it's a combination of all of that.

Devvrat Himatsingka

Does attrition still remain like a big concern over the immediate short term, that you see?

Avinash Sethi

It is definitely a big concern.

Devvrat Himatsingka

What is our attrition level right now, if I may ask?

Avinash Sethi

It is upwards of 20% - 25%.

Devvrat Himatsingka

Okay. Thank you so much.

Diwakar Pingle

The next question comes from the line of VP Rajesh from Banyan Capital. VP go ahead.

VP Rajesh

Hi Avinash, good to see you and the other founders Mitesh and Siddharth in the group. So, congratulations on this deal. I just want to clarify that what you're saying is that last year, the revenues were Rs. 45 crores which are growing 32% to become roughly around Rs. 60 crores by the end of this financial year? Is that correct?

Avinash Sethi

Last year number was Rs. 40 and this year we will do Rs. 60 and from next year we will grow by 32% y-o-y.

VP Rajesh

Okay, and relatively are you planning to raise any debt, or you will just finance it from the cash on the books?

Avinash Sethi

We have sufficient cash in the books, but we are not averse to taking debt, but we will not be taking that right now.

VP Rajesh

Okay, and my second question is just on the margin side, do you foresee with this combined business, what kind of margins we can do in FY23.

Avinash Sethi

So the margins are good. They are doing more than 25% EBITDA. So we can see similar margin that we have.

VP Rajesh

So you're saying 24% is possible for FY23 also, given all the travel costs that are coming back and the employee costs which are going up?

Avinash Sethi

Yeah.

VP Rajesh

Okay, all right.

Avinash Sethi

We tend to work towards making it a steady state margin for us. We've been doing it for last so many years. We are hopeful that we'll be able to do it in future.

VP Rajesh

Great, thank you. I'll get back in the queue.

Diwakar Pingle

Thank you, VP much appreciate. The next question comes to the line of Subodh Phadnis. Subodh please go ahead.

Subodh Phadnis

Do you have any plans to invest in a data center?

Siddharth Sethi

No, we don't have any plan to invest in data centre. We are an enterprise digital transformation and product engineering company, mostly on the software side. Data centers is a little bit out of the league, at least for the next foreseeable future. So right now it is not on the cards.

Diwakar Pingle

The next question comes from line of Hiten Muchhala, please go ahead.

Hiten Muchhala

Hi, good afternoon, everyone. And it's good to see Avinash sitting this time along with the other two founders Siddharth and Mitesh, great to see all three of you together, and hi from my side. I remember that last couple of quarters Avinash had been speaking about employee attrition being a big problem for most major IT companies. In this era of, inflationary pressure, where salary is going to be a big inflation, especially for IT companies, we being relatively a smaller player in the IT segment and obviously, there is no harm in being small because every small company becomes big. But what are the strategies that we are adopting to actually attract talent that is one. And second is how are we planning to pass over this incremental cost to our customers going forward?

Avinash Sethi

I will let Siddharth and Mitesh talk about the cost part, and I will talk about how to attract talent. So we've been doing multiple things, one is investing in people at the bottom of pyramid, looking at fresh talent and doing that, so this year, we plan to have more than 150 fresh graduates, we already got 80 plus and in remaining time we will get 70 plus more to add to our bottom of pyramid. Secondly, we are investing in the existing team in grooming them, making the multi skilled talent, kind of an all-rounder so to speak, so they can handle multiple skills, also upgrading them to a new one faster. Apart from that, we are also cross training people from one technology to another, so it's kind of migrating them towards new ones like Salesforce or ServiceNow. So building those capabilities internally also, plus we continue to hire from everywhere in India and thinking of going out also, in term of newer geographies like Bangladesh, Philippines. So this is where I think we have to look out for new solutions, this is a part answer. So, Siddharth and Mitesh will answer cost part.

Siddharth Sethi

So regarding the cost of our clients, we have very deep relationships with our clients and our relationships with our clients have gone for decades. And we always believe in working in the core businesses. So when we go to our clients with a request to increase our pricing, our costs, our billing, sometimes they're more than happy to do it, actually, because they depend on us. So we have been successful to a large extent in doing that and the other thing is InfoBeans is investing in its future, and we are building as Avinash said a very strong team in some of the very new age technologies and those new age technologies allow us to ask for premium and this acquisition is also a step in that direction. So if you look at Salesforce, Salesforce is the leading CRM cloud platform in the world and our footprint on Salesforce is already about 100 people and with this acquisition, we're probably one of the larger Salesforce teams in the country, not the largest but one of the larger ones. A total team size of close to 350 people and that also give us a lot of pricing power. So premium pricing going up the ladder and making sure that our clients depend on us providing them highly value-added services and in return we get what we ask.

Hiten Muchhala

Thank you. So just a follow on to that is the concern as an investor or as a shareholder, or as a part owner of the company would be that, on one side, we are talking about 20% plus attrition rates and on the other side, we are talking about, almost 25%-30% plus of growth rates, how are we trying to balance this? And second thing is, what Avinash mentioned was we are also looking for talents in neighboring countries like Bangladesh, Philippines, would that also mean that we would we are likely to have another office or setup over there in that country.

Avinash Sethi

Setup is not really required these days. We're questioning ourselves on our existing office spaces. So it's very tricky situation. Remote working has worked out well, so definitely for the neighboring countries or any other extent location, we will certainly not have office there.

Siddharth Sethi

Regarding the attrition I have a point, see at InfoBeans we have a very solid core team, our senior team attrition is close to zero. That is what one needs to be worried about when we're going. So we have the right leaders in place, we have more than 200 people plus who have spent more than 5 years with us and they are incentivized not only by the heart, but also by stock options and a company of our size giving out stock options is practically unheard of unless you are a new age startup. So I think attrition at the bottom of the pyramid is something we should not really worry about especially when you're growing. It is there but it is something that, we can easily manage. What we need to really worry about is attrition at the top which again says absolutely close to zero, hardly half a percent one or two guys leaving and that doesn't hurt us that much.

Hiten Muchhala

Thank you very much for answering my questions.

Diwakar Pingle

Thank you, Hiten. The next question comes from the line of Pragul Rajendran. Prabhu you good to go.

Pragul Rajendran

Congratulations for posting a great number. It speaks a lot in terms of your capabilities. You are speaking about like you are venturing into AI and ML, wanted to know a little more on that front. Like what kind of work you'd be doing.

Mitesh Bohra

So, what we have been experiencing over the last four or five years since AI and ML has really started to become mainstream as a part of software development procedures, it is very inherent these days as a part of any digital transformation work that we do or product engineering that we do and there are a lot more AI and ML initiatives from the different product sides on the deprived side that we are seeing from the companies. Companies likes Salesforce and ServiceNow and our ability to inculcate and adopt all of those abilities that they are building in their products is what's helping us build value system for our clients using certain price points and that goes both for digital transformation, as well as product world where we are actually the ones who are developing products for our clients which are largely based on AI and ML. So that's what we see as an ongoing continuing journey and we feel that there is going to be the need for everybody in the software engineering arena to become well versed with AI and ML, and it doesn't need to be a separate practice.

Pragul Rajendran

Thank you Avinash and friends, that's pretty much from my end. Thank you.

Diwakar Pingle

The next question comes from the line of Siddhanth Dhand. Siddharth go ahead.

Siddhanth Dhand

I just wanted to get an idea about our order backlog and our contract duration of our company, is it a short-term solutions or is it a long term type of deal that is sign, if you can give idea on it.

Avinash Sethi

Sure, so it's a good mix these days. We are signing up contracts which are for more than a year. There is multiple type contracts that we sign. Majority of the contract are 6-12 months, the clients operate like that and they operate

on a project basis. They don't have an SOW which is spanning for 3-5 years SOW is statement of work. For a particular project work keeps coming up. In these 21 years of journey, we have clients that are with us for 10-15 years, very long association of clients and in each of those cases; we know that these projects are going to continue, these projects are going to extend and new one coming because people of the companies split out their work in phases, so they will give you the first phase, and then the second phase, and so on, which also part of their planning. So, we are aware of those visibilities, we know that whether this project is going to a long-term engagement, but the contract may not spell out. So, this is the nature of services and if you look at our top 10 clients, the average age is more 8 eight years.

Siddhanth Dhand

Okay, that last line of helpful. Thank you.

Diwakar Pingle

Thank you, Siddhanth. So, next question comes from the line of Anand Jain. Anand please go ahead.

Anand Jain

Good afternoon, everyone. It's a good pleasure to meet you guys. This is the first time that I'm taking such kind of meeting. I'm a small investor. I would like to really understand in the starting of the quarter, the InfoBeans share was also around Rs.515 or Rs.510 and suddenly it goes down to Rs.310 to Rs.350 to Rs.370. So what was the reason? Do we lose any kind of big projects or the new team? What was the reason so that I can able to understand how I should get invested in the company?

Avinash Sethi

So, it a very tricky question and there is no way I can tell you how business is getting linked to the stock price, these are two different mechanisms in my mind. So, there is nothing that is gone down in so many years, on quarterly basis there is no such significant thing which would have this impact. Conversely, we can ask why did it go up from Rs.140 to Rs.400, there is no way that I answer that. It is probably the conviction in the market, giving out the value to the business but from a company performance point of view, we are delivering the way we were delivering, and we hope will continue to do that same way.

Anand Jain

Thank you so for the answer. I hope that I will going to be keep invested in the company looking to the figures and looking to the brand that the InfoBeans has set especially in Indore because I belong to a software industry, I'm also a project manager and InfoBeans is my dream company, but I have my own startup that I'm doing since 2012. So hopefully if I get chance, I can join your team. Thank you.

Diwakar Pingle

Thank you, Next question comes from the line of Rajesh. Rajesh, please go ahead.

Rajesh

Hi. So Avinash, just on the cash side, what was the cash at the end of September 30.

Avinash Sethi

We are at Rs.156 crores including receivables. If I remove receivables, it will be around Rs.118 crores.

Rajesh

And if I heard you correctly, did you say that you will pay this Rs.130 Crore over three years? Is that right?

Avinash Sethi

Yes

Rajesh

Okay, that's great actually. So then you will not really need any debt because you will have enough cash flow in each year with the current cash to pay off this.

Avinash Sethi

Exactly.

Rajesh

Okay, that's good. And on the client side, I didn't see any slide about your top 10 clients or your customer concentration. So maybe you can comment on that.

Avinash Sethi

We did have client slide, but we are not sharing the top 10 concentration. So, usually if I look at the top 10 customers, we are doing more than 70% from the top 10 customers. Our strategy has been very active focus on less number of customers, but try to build a long term relationship and deep relationship with these companies so that we can continue serve them year over year.

Rajesh

Okay. So on a performance basis, let's say if you put the company, you are acquiring and yours, how will this change meaning like this top 10 will go even higher or it will come down a little bit.

Avinash Sethi

It will come down little bit because of the client distribution at Eternus. I think maybe top one or two might fall into our top 10 and percentages will probably change.

Rajesh

Okay. Again, congratulations, this is very exciting that you had talked about this acquisition on the last call. And this is the area that you're looking to grow into. So it's very heartening to see that this is moving forward. Thanks

Diwakar Pingle

Thank you, Rajesh. Next question incidentally is also from the line of another Rajesh. Rajesh please go ahead.

Rajesh

Good afternoon. My question is like, what are the net profit margins for the Philosophies company that we acquired a few years back? Can we have the standalone and consolidated figures also please.

Avinash Sethi

Sure. So the Philosophie has done over \$2 million turnover and they're doing about \$630k in operating margins.

Rajesh

Okay. So in that case, what would be the net profit margins for that. Would it be similar to what we are doing in InfoBeans?

Avinash Sethi

Yes.

Rajesh

That would be close to 14%.

Mitesh Bohra

So the numbers as you mentioned are correct. What we are looking at from a US versus India point of view, we are actually starting to look at going forward utilizing the inflationary pressures that we are seeing in US market being reflected in higher rates being charged as part of the premium offering that Philosophie has on designing the original site. So with that, hopefully you estimate that we will be able to continue to manage parity between both sides of the oceans in terms of overall margins.

Rajesh

And what would be the net profit margin for the company that we have acquired or we're planning to acquire.

Avinash Sethi

So that is in a similar range, EBITDA margin of 25% and PAT margin of 15%-16%.

Rajesh

So will it be close to the earlier 15%-16% net profit margin.

Avinash Sethi

Yes. I think it is value accretive to us right from the day one.

Rajesh

Okay. Thank you.

Diwakar Pingle

Thank you, Rajesh much appreciate it. Next question comes from the line of Sachit Motwani from Param Capital. Sachit go ahead.

Sachit Motwani

Thanks. Hi Avinash. Hi Mitesh. Hi, Siddharth. Congrats on acquisition. My first question is I just want to understand this Rs.130 crores, how would that be paid over the 3.5year period, would be in equal installments, so just wanted to get some color on that.

Avinash Sethi

I think at closing right in this month, in month of November will be paying Rs.65 crores, Rs.13 crores in March or April 2022 and remaining will be split equally for the next three years.

Sachit Motwani

Okay, so Rs.65 crores now in November then Rs. 30 crores in March and then after that will be split evenly for the remaining year of the timeline.

Avinash Sethi

Rs.13 crores (thirteen) and remaining in next 3 years

Sachit Motwani

Understood. My second question is, if I look at Eternus they have a very large client base, some 450 plus clients and InfoBeans and Philosophie used to work with a limited set of clients and try and mine them. So I just wanted to understand this from a synergetic perspective. So, when you did your due diligence, did you see a very good client base that can be added to InfoBeans and Philosophie network.

Siddharth Sethi

So I think there's a clarification that needs to happen on the 450, that's a total clientele over the last 10 years. Also in the enterprise, implementations segment, when company that goes on implementing Salesforce or ServiceNow

for that matter, it becomes a client opportunity, but whether they are able to continue that going forward or not, depends on the next level of implementation. What we have seen typically in this space, especially enterprise implementations spaces, companies with a larger base of clients will end up with a handsome number of clients, which will have a continued opportunity. So for 450 will never be the number that you will at any time look at any enterprise segment in that for that matter. So, out of 450 if you are able to capitalize and build deeper relationships over the next few years, with even 10% of the company i.e. 45, that's a very decent number for any company. The bigger advantage that we look for is bringing in our repository expertise and capabilities in digital transformation and product engineering to such clients. So an example here will be Philosophie as the design and innovation consulting firm, we will be able to take that competency and capability across all of Eternus clients as we are doing that in InfoBeans. Similarly, a lot of automation and other capabilities that InfoBeans has, we will be able to take to both Eternus Solutions clients as well as we are taking to Philosophie.

Sachit Motwani

And why did the co-founders wanted to take an exit given that we are looking at 100% growth for them?

Mitesh Bohra

They don't exit they will be with us for the next at least 3-3.5 years and they will be part of the growth story.

Sachit Motwani

Okay, got it. Thank you so much. All the best guys.

Diwakar Pingle

Thank you, Sachit. The question comes in the line of Hetal Sonpal. Hetal will go ahead.

Hetal Sonpal

Pleasure to see you guys together and congrats on number. I have two questions; the first one is with regard to acquisition. What's the behind the scenes story as far as acquisition is concerned, I'm seeing that every quarter you're actually giving us new surprises. So what's the portfolio number of companies which you would actually evaluate before deciding this, how much has culture played a role as far as the integration is concerned?

Avinash Sethi

So we look at larger number companies. I think I'd shared processes of this in the last call also, where a lot of deal flows come to me, I evaluate; I look at the company and speak to advisors or the founders. If I find it valuable, then I introduce it to Mitesh and Siddharth and we have a practice to individually meet and evaluate the company on our own. So, the founder connections happen and then we three consolidate our views and if we feel it is aligned than we go to the next step and that is how the evaluation happens. So, it is probably 1 in a 100 that we finally settle down to. It is a very lengthy and long process that takes a lot of bandwidth. But this of highest importance, the reason why we three personally go and meet the founder is to get the right connect and see what the business is all about and how they have created this company and what is there motivational factor.

Hetal Sonpal

That's great. My second question's answer should be much shorter. We have seen hybrid form of work been taking lot of importance in the IT industry, what are the percentage of margin do you expect to grow up with the hybrid work force coming in. So, just a raw number of what percentages of work force will continue to work from home and going forward is that going to impact your number in any way

Siddharth Sethi

So we don't see the margin getting affected rather the margin will actually grow better. Overall it should be a positive thing. Our dream is that people should come to the office at least 80% of the time, when that happens I am not sure, next 3 months, next 6 months, next 12 months but we do want people to come in the office because we value the culture at InfoBeans and if you sitting in just sitting in front of screen at home and you are not interacting with real human beings face to face physically then you may believe that the culture get eroded. So,

even today we have 30-35% attendance on daily basis at least 4 days a week in the office, where other IT companies including TCS and Infosys are still struggling with less than a few percentages, less than 5% or something. So it's a huge push from our end to ask people to come to the office, many are coming, and many will come out of the internal fear about the COVID situation. We are very hopeful that by the beginning of next year when more people get vaccinated, they will start coming to the office, it is very important for us that they do come to the office at least few days a week.

Hetal Sonpal

Got it, thanks a lot guys. Keep up the good work.

Diwakar Pingle

Thank you Hetal. The next question is from the line of Varun Agarwal. Please go ahead.

Varun Agarwal

Thank you, Diwakar for giving me this opportunity. Hi Avinash and its good to see all 3 of you together in a call this time. Congratulation on a great set of numbers, you have lived up to our expectations and we are very happy to see the numbers. First question is about the increase in the employee cost, would we see a similar increase back in the second half of the year also.

Avinash Sethi

So the impact is already taken, and it will just continue in the next quarter as well.

Mitesh Bohra

Varun and for other people on the call as well, the employee cost increases as Avinash said, that we are adding a bunch of fresh talent also. So, InfoBeans as an organization and this acquisition also we are investing practically in the future. We are in a good situation in terms of our growth, very positive mindset and the next few years for the IT industry in general and for in InfoBeans in particular we have a very positive mindset, and we want to utilize this opportunity the best we can. So the increase in cost also reflects a piece of future build.

Varun Agarwal

Yes, we totally understand that. The next question is about whether we are targeting any niche business line or any line of service, we are targeting in the coming future and our upcoming acquisitions aligned as per that.

Mitesh Bohra

So the Salesforce acquisition that we just did is exactly that. This company does nothing but Salesforce, they're a Platinum Partner with Salesforce. Salesforce, as you might know, is the world's leading CRM and cloud platform. So, at this point 25% of the company will be doing Salesforce product.

Varun Agarwal

Okay, thank you for answering my question and all the best for the coming quarters. We'll see you again in the next call.

Diwakar Pingle

Thank you, Varun are much appreciate your questions. I will take Anirudh Bhandari on the call. Anirudh please go ahead.

Anirudh Bhandari

Hi, congratulations to the entire team at InfoBeans for this outstanding result and over the past two years we have been doing a great set of numbers. My question is on integration of Philosophie, so when we acquired it 2-2.5 half years back, we wanted to cross sell it to its existing customers. So could you just throw some light on how is it going and are we expecting some big customers from that?

Siddharth Sethi

So, as you mentioned it's been two years and the effort has been ongoing in terms of figuring out the best way to leverage synergies. If I were to take a slightly deeper dive into how we are looking at integration. One of the core areas which InfoBeans brings it strengthened is taking a relationship to a deeper level and then much longer-term level Philosophie in its strength has a very good ability to sign, on bring on new customers through design and innovation. And once the customer comes on board, that's when InfoBeans abilities and our repository of services become very attractive for retention of the clients beyond the initial design and innovation efforts. So that's something that we have been focusing very heavily on and in fact there are many clients that we have are almost fully converted from designing innovation opportunities into InfoBeans engineering opportunities on an ongoing basis. While designing innovation opportunities might emerge in the future with them, we now have them as our ongoing customers. So, some of these elements continue to happen. At the same time, our own customers who continue to look at newer design and newer innovation opportunities, we continue to bring Philosophie capabilities there and we continue to create an increase wallet share in terms of our clients. So that's been happening very well, both the founders of Philosophie continue to work with us. That is another very positive sign that they have also got into the whole idea of how we want to create long term value for business.

Anirudh Bhandari

And second is on bit of reporting side. So now since we are Rs.300 crores company next year on top line and on Rs.200 revenue, we are around Rs.1000 crores market cap. So, so did we have any thoughts of bringing in big 4 statutory and internal auditors? The reason why I'm asking is the reporting on cash flows has not been on priorities. Every company today reports cash flows in more details, not just line items. So that's what I wanted to know, to improve our corporate governance as well.

Avinash Sethi

Surely appreciate Anirudh, we are on track. Hopefully, we have somebody from Big 4 next year, we are already in the process of doing that, we take corporate governance very seriously and we are already working in that direction.

Anirudh Bhandari

Great. Thanks a lot.

Diwakar Pingle

Thank you, Anirudh. Next question comes from the line of Prathamesh Karekar. Prathamesh go ahead.

Prathamesh Karekar

First, I would like to congratulate entire management team, you guys are doing fantastic work and you know I'm working in technology. I'm Chief Security Officer for one of the product companies and you guys are doing awesome work. I'm tracking your work from business perspective, as well as from financials perspective, it's awesome. Coming to the questions part, so from strategy standpoint, my question is basically generally when we work in technology, there are three ways in which you can improve your financial. So, one can be cost reduction, second can be increased in the fees that you are charging to the client to maintain the margins that we have and third can be something like you're providing volume-based services like support staff or something like that. So in next five years, what would be your plan which strategy you would like to go for as you guys are in niche field, basically cloud, AI, ML and all these things and plus acquisition of Philosophie has given you an edge in that strategic development as well. So, what is your strategy, how you are looking at maintaining or adhering to the growth margin because the margin which currently you are getting, the rate of growth that you are going with it's amazing, and how you can maintain that out of any of these three strategies anything for next five years? That is first question.

Mitesh Bohra

So Prathamesh, there are there are a few are dissections to this when you go long term strategy, the way we think about that comes from our core strategy of long-term relationships with our customers. Now what that really

means is, in our go to market when we look at customers, we look at how much headroom we have for growth within those customers and in the next 3-5 years. One of the key areas we are going to be focusing on in monetary terms, are we able to take our relationships from \$1 million customers to a \$3 million range, from our \$3 million customers to a \$5 million raise and beyond and are we able to get our customers which are sub million range to over a million range. Now there are specific actions that need to be taken within each one of these client accounts. Some could require innovation, some could require expansion of services and repository in terms of what we tell them, what we are able to sell them and how we are able to service them the best possible manner. In some cases as you mentioned, volume is a possible strategy. We haven't really ventured into that area but as customer relationships start to go beyond \$5-10 million range for us, some of those elements will start to come in. So it's very easy for me to go on and say yes to all three that you mentioned, but we will really end up looking at it on a case-by-case basis at the client level, to actual them and realize those values. For anybody in a management situation to sit down and think about a five-year strategy, you can paint any kind of dreams out there. But to really take that to heart and start to really put actionable items and set milestones on a quarterly or yearly basis is what we really loved.

Prathamesh Karekar

Okay, thank you so much for that definitely gives insight in your thought process, definitely that would be useful. Second question is about specific field, so basically, you're already in niche fields in technology and, you know, I also work with different startups as a consultant in the area of cyber security. So, since you are already offering a service, and cloud is going to be a future people keep on saying that. So do you have any plan to expand in cyber security domain as a service because I can understand currently you might have experts when you are providing any service to your clients, then they may say that okay, we need to secure your setup as well, but as an offering because there are very few companies I guess one company which is completely into that field and there is huge scope for that and also margin if you say compared to the implementation or any other support services that any company provides, the margins, the fees are pretty much higher in cyber security area. So do you do have any plans for that?

Siddharth Sethi

Prathamesh, the simple answer would be, we would love to partner with you.

Prathamesh Karekar

Definitely, I'll get in touch because, frankly speaking, I'm huge fan of your company and the way you have grown and the thought process that you have, but I just want to understand that, do you have any such thing in mind. Because currently there are either big force or certain limited liability partnership firms or there is one company which is listed, and which is offering security specific services. So do you have any plans to take that opportunity and expand into that space because security aspect will be everywhere, you take AI, ML you need to secure it, you offer cloud services, you need to secure it. So, from that perspective, are you planning to build one wing on that part.

Siddharth Sethi

At this time, we do not have any plans to venture into the security aspect of the business. And by the way, this question has come up many times in the last 20 years, because it goes hand in many cases. What security requires is a very specific type of expertise and it requires that kind of a DNA right from the beginning. Now, fundamentally, historically, we have been business application developers, what we have been doing is business engineer, create solutions that help businesses from a workflow standpoint, from digitization standpoint, taking companies and creating interaction flows for, taking companies and creating opportunities where they are able to realize better revenue and saves cost on some of the efficiency based on the product. So that is the DNA that we carry. Now, whether that DNA we will have that ability to expand into security in the next 5-10 years, that is anybody's guess, at this point of time, and in the very short term, we don't plan to go and that's where if there are opportunities, we would love to partner with companies like yours, in the security and other areas where we don't talk.

Prathamesh Karekar

Okay. Thank you so much. It was great to hear these responses in these meetings. Congrats for the great results and all the best for the future quarters.

Diwakar Pingle

Thank you for Prathamesh. We'll take the next question from the line of Vedansh Agarwal. Vedansh please go ahead.

Vedansh Agarwal

I'll just give a small disclaimer. I'm really sorry these questions have been asked. I had to join in a bit, late I was caught up in some work. So, firstly I wanted to ask, what are the EBITDA margin is for this quarter.

Diwakar Pingle

In the presentation, in the results, which have been sent out.

Avinash Sethi

25%.

Diwakar Pingle

We'll take a follow on from the line of VP Rajesh. VP go ahead.

VP Rajesh

I just don't have a question, but I just have a comment that I'm really impressed with the way you are acquiring companies. I mean, in this hot market, you're buying a company below 10 times EBITDA and you're paying over 3.5 years. I don't know how you pulled that rabbit, but congratulations to you guys, it's just super impressive. Very heartening to see.

Avinash Sethi

Thank you.

VP Rajesh

Thanks. That's all I had

Diwakar Pingle

So any final comments from the management before we kind of wind up the call.

Mitesh Bohra

Thank you so much to all the people who have participated in this call. It was good to interact after a long time. I think this is only my second investor call, but we'll try to be a little bit more available on these calls. It is really good to know different perspectives and what you guys as investors are looking forward to, you are a key stakeholder in all senses, the literal sense and in the figurative sense. So we will try and as custodians of your trust, we will try to continue to earn your trust, we try and continue to march ahead, move forward. We believe that we have tremendous opportunities out there, it is for us to grab those opportunities, invest in the future, and make sure that InfoBeans continues to provide value to all its stakeholders, including its team members, its investors, its clients, its vendors and the society and the ecosystem that we existed. Thank you very much, everyone.

Diwakar Pingle

Thank you so much team InfoBeans Avinash, Mitesh, Siddharth, Surbhi and everyone else. We do hope that all the questions got answered and in case we have not answered anything you can reach out to us, both Asha and Pratik from my team will be available. And in case you need to get more inputs on the company, you can reach

out to us, and we will set up a meeting with Avinash and it's not a bad idea for some of you to come and visit our facilities in Indore the facility is really mind blowing. I mean, I've listed a lot of offices, but I've been there two or three times, it gives you a sense of the culture that Siddharth was talking about. So I would appreciate you getting to Indore and obviously you can have your gastronomic delights also kind of go into the food streets and things like that. So with that, happy festive seasons to everyone else and see you later. Bye.