Operator: Good day ladies and gentlemen. On behalf of Fin Portal, I extend a warm welcome to you all to our first-ever investor company connect virtual event called Value Portal, where capital meets businesses. Our third company of the day is Silver Touch Technologies Limited from Ahmedabad, Gujarat.

Silver Touch Technologies Limited, a three-decade-old transformation leader, operates across e-governance projects and enterprise IT, having executed over 4,000 projects for over 2,000 clients globally through a 1,500 strong technology workforce. The company is driven by mission-critical Digital India programs and has international operations across USA, UK, and Canada. Recent wins, including a national digital governance platform for the Government of India and a cloud-native transformation mandate for the Indian Navy, provide multi-year revenue visibility, positioning Silver Touch as a trusted partner for India's most critical digital infrastructure.

Before we proceed, I would like to read the standard disclaimer. Please note that this call is being recorded. Some of the statements made during this call may be forward-looking and are based on current assumptions which involve risks and uncertainties. Actual results may differ, and the company assumes no obligations to update these statements unless required by law. We encourage all participants to consider these factors and avoid placing any undue reliance on forward-looking information.

From the company side joining us on the call today is Mr. Vipul Thakkar, Managing Director, along with Mr. Minesh Doshi, Whole-time Director. I will now hand over the call to the management team for their opening remarks. After the presentation, we will move on to the Q&A; session. Participants who wish to ask a question may type them in the chat box from now onwards. Thank you and over to you, sir.

Management: Yes, good afternoon everyone. Is my screen visible to everyone?

Operator: Yes sir, we can see your screen.

Management: Okay. Good afternoon everyone. I am Minesh Doshi, Director at Silver Touch.

Operator: Can you make the presentation full screen?

Management: Can you see it properly now?

Operator: Yes.

Management: Okay, so we will have a quick overview of the company and then we will have the Q&A; session after that.

This is the overview of the company. We are a 30-year-old company established in 1995. We are based in Ahmedabad, Gujarat, and have two major Indian operations in Delhi and Mumbai, along with around 10-12 other state operations. Internationally, we are present in the US, Canada, and the UK. The US and Canada are part of our North America segment, and we have been present in the United Kingdom for the last 15 years.

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We specialize in IT services segments and provide end-to-end IT solutions and services to our customers across the globe. Our major customer verticals include government, PSUs, and enterprises. In enterprises, we cover various verticals, but the major ones are BFSI, manufacturing, processor services, CPG, and wholesale and distribution.

We have about 1,500 IT professionals globally and have a record of delivering about 4,000 projects to our 2,000 plus customers over our 30-year history. We operate some advanced centers of excellence in AI, cognitive science, and machine learning.

Operator: Sir, just a minute. Can you do the full-screen presentation mode? Participants are not able to see. If you could also speak a little louder, we are getting requests from participants.

Management: Give me a moment. It is in full screen. Let me try. Okay, is it better now?

Operator: Please speak a little louder. We can see the PPT. I think it is open in the browser. If you could open it in Microsoft Edge, we might be able to see the full screen.

Management: Okay, let me try. Can everyone see better now?

Operator: Yes, we can. From the top right corner, you can see the arrows for full-screen mode near the settings icon.

Management: Okay, is it better now?

Operator: Yes, perfect now.

Management: Okay, can you hear me properly?

Operator: Yes, sir.

Management: I will start again. This is the overview of Silver Touch Technologies. We are a 30-year-old IT services company established in 1995. Our headquarters is in Ahmedabad, Gujarat, and we have major locations in Delhi and Mumbai. Apart from that, we have about 10-12 state offices where we operate. On an international level, we operate from the US and Canada, which is part of our North America region, and we have also been operating in the UK for the last 15 years.

We have about 1,500 people globally, all working in the IT software and services category. We have delivered about 4,000 projects in the last 30 years and have more than 2,000 customers worldwide. We work on an end-to-end IT services and solutions framework. We have set up centers of excellence in IT cognitive services and machine learning. Our major customers are categorized as government, PSUs, and enterprises. In enterprises, we work in verticals like wholesale and distribution, CPG, manufacturing, and banking and finance.

Regarding our 30-year journey, we have four major quality standard certifications. We are accredited with ISO 9001 and 2000 for quality processing standards. We have ISO 27001 primarily for IT security services. We also have ISO 20000 for IT services excellence and CMMI Level 5, which is the highest quality standard in software development and service provision.

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This is the introduction to our management team. We have five full-time directors on the board: Mr. Thakkar, myself, Mr. Jignesh Patel, Mr. Palak Shah, and Mr. Himanshu. All have almost 30 plus years of experience and come from technology backgrounds in electronics and computer science.

These are some of our strategic partners who work with us closely to provide solutions to our customers. Most are in software solutions, AI, ERP, analytics, infrastructure services, and cloud and security services.

These are the client snapshots, which are available on our website. This is a mix of international and domestic customers. We also showcase our success stories and the awards and recognitions we have received, including the CMMI Level 5, ISO 27001, ISO 20000, and ISO 9001 certifications.

I will provide a business overview. We classify Silver Touch mainly as a software services and consulting company. Our major revenue share, about 51%, comes from software services, which includes custom software development, various digital platform developments, AI, and cloud services.

The second segment is business consulting services, where we focus on ERP and analytics, contributing about 9% of our revenue. We work with major ERP providers like SAP, Odoo, Microsoft, and Oracle for our customers in the North America and UK regions.

The next segment is e-governance services, which accounts for about 20% of our revenue. This mainly involves Digital India and state-led IT services and citizen services.

Cloud and facility management services constitute about 5% of our revenue. We work with public cloud and infrastructure management services, providing end-to-end software support. Finally, system integration services, which involve IT infrastructure, security management, data center management, and network operation center management, account for about 15% of our revenue.

Under software services, we developed India's disability portal. India has about 2.5 crore disabled people to whom the Government of India provides various benefits and direct benefit transfers. We provided a digital platform to register and give a unique identification number to every disabled person in India, similar to Aadhaar. This platform is implemented across 800 cities where disability certificates are provided. We receive an average of 5,000 applications for various benefits, and the digital workflow allows the government to distribute direct benefit transfers to beneficiaries. This platform unifies the entire disability landscape and provides visibility to the government on how schemes are performed and monitored. We have also implemented AI and machine learning for fraud detection to identify fraudulent document submissions across the platform.

Under the same IT services platform, we implemented India's unified labor code number. Whenever a laborer is registered, they get a UIN number. The entire platform was developed by Silver Touch. Further benefits and schemes are provided through that portal.

One project in the government-to-business sector involved working with the Textile Ministry to provide loan and interest subsidies for upgrading textile machinery and plants. This is a classic example of a collaboration platform for the government, banks, and private manufacturing companies. We set up this platform, and about 80,000 companies across India participate.

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Approximately 6,000 crores in loan benefits have been disbursed through this platform by about 10 banks.

These are some of the platforms we have developed across government and private sectors. Our portfolio includes about 250 active projects across 22 central government ministries and about 10-12 state governments.

Under e-governance services, which is 20% of our revenue, we work in three verticals: transport, urban development, and land and revenue. Under land and revenue, we handle document sales and purchase deeds across Gujarat. All property and land services provided by the revenue department are established and run as single citizen facilitation centers by us across Gujarat.

In urban development, we set up single-window citizen-centric services across about 70 plus cities in Gujarat. Under the transport department, we work with secure digital smart cards enabled with chips for driving licenses and vehicle registration books. These are long-term contracts spanning 5-10 years, providing good revenue visibility.

Our ERP implementation services include working with PSUs and US-based customers. We work with a steel giant in the US where we implemented SAP. We have about 25-30 customers in the North America and UK regions where we handle end-to-end SAP and Odoo implementation services.

Finally, in cloud and system integration services, we enable AWS and Azure cloud migrations, data center services, and IT infrastructure management. This summarizes the industries we work with and the services we provide. We can now move to the Q&A; session.

Operator: Sure, sir. Participants, if you have any questions, you can type them in the chat box. We have one question: What is the offshore and onsite service breakup?

Management: About 85-90% of our revenue is India-based, and about 10% is offshore currently. This provides stability during times of international turmoil. We have been growing revenue at a CAGR of 20-25% over the last 3 years.

Operator: Can you talk about your revenue model split between time and materials and managed services? What is your three-year view on the model, revenue per employee, and the employee profile?

Management: We primarily have a project-based revenue model rather than a time and materials model. We focus on outcome-based and project-based revenue. We have visibility for the next 3 years, and our current order book stands at about 650 crores. Most of our projects are 5 years in nature. In the first year, we typically bill about 50-60% of the project value, and the remaining 8-10% is billed annually over the maintenance period of 4-5 years.

Operator: In which areas do you see growth in the coming years?

Management: We have identified three areas for growth. The first is Artificial Intelligence. We set up a subsidiary called AI for Pharma last year and have built five AI products for the pharmaceutical manufacturing industry. We are solving a problem where pharmaceutical plants are often closed

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due to FDA warning letters or audit issues. We built AI and ML models on the manufacturing process that provide real-time alerts for compliance or regulatory issues as batches are manufactured.

The software also allows companies to scan past records from the last 2-3 years to identify anomalies. We see an addressable market of about 25,000 plants worldwide. We anticipate annual recurring revenue of 1 crore to 5 crores per plant in the coming 3 years.

The second area is AI-driven transformation for existing customers. We have delivered about 4,000 projects in the past and have 2,000 active customers who are now asking for AI-led transformations of their existing platforms.

The third area is cloud and security. Currently, this revenue is relatively low, so we are looking to acquire companies in the cloud and security space to upscale this business to about 15-20% of our total revenue.

Operator: Can you talk about recent order wins, such as the defense project, national digital transformation platform, National Medical Commission initiative, and the Airports Authority of India project?

Management: The Navy project is a digital transformation initiative for over 100,000 naval staff. We are upgrading a 20-year-old system with an AI-led platform for payroll administration and HR services.

For the National Medical Commission (NMC), we are implementing a massive digital transformation to handle the accreditation of medical colleges, auditing their functions, and monitoring performance. It involves developing about 25 modules to transform the medical education system across India.

For the Airports Authority of India, we are securing data transmission and communication networks for 15 airports. This involves the security of communication between control towers and flights.

Analyst1: In pharma, will this be a software model or project-based? Also, do you plan on research and development for molecules?

Management: This is a pure SaaS product based on AI, provided both on-premises and on the cloud. It will generate recurring revenue. Regarding molecule research, we have received requests, but we have not started any activity there yet.

Analyst2: Why is working capital increasing so much, which is harming operating cash flow? Are there steps to tackle this?

Management: We have taken on several BOOT (Build-Own-Operate-Transfer) projects which require significant initial capital. This has increased capital expenditure and impacted cash flow in the short term. This is typical for the initial 1-2 years of such projects. We expect a very good cash flow after March.

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Analyst3: Can you highlight the employee profile and the number of employees you plan to increase over the next 3 years?

Management: Our manpower planning is based on our 650 crore order book and the 3-year visibility we have. Our resource management and HR groups handle this forecasting. Every year, we hire about 50-100 fresh IT graduates. This year, we have already onboarded 61 fresh IT graduates.

Analyst4: In the previous quarter, we saw a good jump in gross margin. What were the key factors for this improvement?

Management: We have seen a 50% improvement in margins over the last 3 years. We have been working closely on cost management and implementing internal automation to reduce costs and deliver projects on time. We are confident in maintaining healthy margins in future quarters.

Analyst5: What is our repeat order percentage?

Management: About 50-60% of our current year's order book consists of repeat orders. Since most new orders are 5-year contracts, they provide long-term visibility rather than being one-off transactions.

Analyst6: How do you look at gross margins on a project level versus employee expenses?

Management: We monitor margins at both the Strategic Business Unit (SBU) level and the project level. These are tracked by SBU heads and then consolidated.

Analyst7: For FY 25, there was an addition in plant and machinery of about 21 crores. What was that for?

Management: As mentioned, this is related to BOOT projects. For example, the land record registration project in Gujarat required around 15 crores for computers, printers, and scanners. Additionally, setting up government-recognized automatic testing centers in Gujarat required about 10 crores.

Analyst8: What is our revenue bifurcation between domestic and international projects?

Management: About 85-90% is domestic, and 10-15% is international.

Analyst9: Can you give numbers on Strategic Business Unit projects and the company level?

Management: Our software services contribute 51%, e-governance 20%, system integration 15%, business consulting 9%, and cloud services 5%. These are all consolidated under Silver Touch.

Analyst10: What are the intangible assets listed under capital work in progress (CWIP)?

Management: These are broadly classified as software products and Intellectual Property (IP) that we have acquired or developed.

Operator: Thank you to the management for answering the questions in a detailed manner. Thank you Mr. Vipul Thakkar and Mr. Minesh Doshi for joining us. We also appreciate all the participants

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for their engagement. If any questions remain unanswered, please feel free to reach out to us at ir@finportal.in.

Management: Yes, thank you everyone.

Analyst12: Thank you.

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