

Systango Technologies Limited

FY 22-23 Earnings Call

(2023-07-07) - Transcript

**SYSTANGO TECHNOLOGIES LIMITED MANAGEMENT:
VINITA RATHI- MANAGING DIRECTOR AND CEO
NILESH RATHI- EXECUTIVE DIRECTOR AND CFO**

**MODERATOR:
ASTHA JAIN**

Astha Jain:

Good evening, ladies and gentlemen. On behalf of Hem Securities Limited, I, Astha, Jain, senior research analyst from Hem Securities Limited, Thank you all for joining Systango Technologies Limited FY23 Earnings conference Call, Joining us on the call today, are the senior members of the management team, Miss Vinita Rathi, Managing Director and CEO and Mr. Nilesh Rathi, Executive Director and CFO of Systango Technologies Limited.

We will commence the call with the opening thoughts from the management post, which will open the forum for Q&A sessions, where the management will be glad to respond to any queries that you may have.

Before. Starting with the session, I would like to state that you will be kept on mute throughout the event and all the questions will be asked by typing them in Q&A checkbox or by raising hands during or end of the session, In case if we miss answering any question due to time constraint, then you can mail your queries to CS@systango.com.

I would like to remind you 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 risks that we face. These uncertainties and risks are included, but not limited to, what companies have mentioned in the prospectus filed with the SEBI and subsequent Annual Reports, which you will find on the company's website. And that's that note, I turn over the call to Miss Vinita Rathi, over to you Vinita mam on the performance and strategic progress made by the company.

Vinita Khandelwal Rathi:

Thank you Astha, Hello everyone. Thank you all for joining me on this call. I have here with me in the same room, Nilesh Rathi who is our CFO and there are several leaders from the Systango Team have joined this call who handle engagement and operation functions in Systango.

So, On this call, I want to share with you the details of our Annual Results, I want to highlight, like you know, how we want to proceed going forward, How are we consolidating our Services offering and the partner Ecosystem that we are building with our customers, you know within our Network, as astha rightly said, of course happy to take on any questions you have for us, in case if I am not able to answer any question on this call, I will request that to send that question on our Email and like you know, we will respond back to you accordingly.

So, for the people who don't know Systango and Systango was relatively a new organization, we have just gotten listed three months ago. I want to start by giving a quick overview of like you know, Systango as an organization, we are close to three hundred people, like you the team we have today, We Operate from UK, US and India, Indore India is where like you know majority of our Engineering Staff resides, We like to call ourselves as a Digital Engineering Company, with the focus on three Key like you know main Technical area offering as you might call which are WEB3 Blockchain, Data and Cloud and while we are offering all the ancillary services right Mobile Development, QA CRM, Digital marketing. These are now become our ancillary services around the three main core Technical areas that we want to focus on and that we sell our services in.

The solid team in UI/UX we are able to do all the digital transformation and product engineering work of our customers in-house and in a true sense we are either our customers only technology team or we are extension of their in-house technology.

Our customers as of today, is largely early stage companies and growth stage companies ranging from small to medium size and maybe 10% of our customers are probably enterprise customers and public sector customers. So this is where we are today we are continuing to spend good amount of time energy and effort, building our positions as thought leaders in the three key again core technical areas that I mentioned, we want to move towards. We continue to back awards a lot of leading publications, continue to feature us in several categories. We are now great place to work for at least last two years and in fact, one of what that we did not mention in the investor call Deck that we uploaded is the DNA Paris Design Award that we just got yesterday for one of the designs that we have done for our customer based out of US and that is a testament to th UI/UX forte that we want to build in house for our customers.

We had a fantastic last year as you can see from our results, we had a 60% year on year growth in revenue and that had put us our full year revenue consolidated to approximately 52 crore and we had an EBIAT of 17 crores out of this and profit after tax of 14 crores, we would love to maintain the same rate of growth in the coming years and that's what testing back in our building our sales and marketing team PRESALES team on show delivery teams out of UK to begin with and thereafter after that.

I want to also give a quick perspective of what in the next few months and this year, while overall industry is really going through a consolidation phase. Right now, we have seen stunning numbers coming from IT sector in general for last two or three years, I think where we are as industry and as a sector is, we are in a consolidation phase both from our employee headcount perspective, as well, as from our customers.

perspective, we're gonna use this time by reinvesting in our company or to secure future growth. And when I say, reinvesting, what I really mean is that we want to continue to invest into blockchain that has become one of our core expertise data and when I say data I don't mean just aggregation playing transformation and presentation but I mean really generative AI driven inside from the data that we are collecting. So we done quite a few projects using Open AI by now and that really leads us to positions us very well for generative AI

and in general, AI space and we want to continue to do that at the same time. We have also started focusing on building reusable components. So that when we are working for our customers, we get better utilization better efficiency and the better productivity because we have built these core components in a generic services that we can reuse over and over again. We are also consolidating how we do delivery for our customers. So right from the discovery process to the delivery process. We are identifying what are the general components again that we can build once and then, use multiple times, why we are focusing on maturing our engineering department. We are also focusing on investing into UK office. So we are expanding our sales team there. One of the goals that we have set for ourselves for this year is that we want to focus on building our larger clients and larger deals and enterprise customers and get at least one of the blue chip customer this year. That's what? We are working towards and we are on the roadmap to make progress towards that.

We are also speaking with few companies for the front office that we want to build in UK or very early level, conversations founder level conversations, nothing concrete. But we have started doing those conversations in next three and last three months towards, if there is opportunity for us to have a joint venture, if there is a opportunity for us to leverage the expertise that they have built in front office for sustango and becomes this time most front office. So those are the early level conversations that we are having at the moment, we have been a very strong believer in partnerships and if you're aware of the history of this Systango, majority of our client acquisition, until now has been organic by reference from our network, right? We are again like testing and building and expanding that network even further. and what I mean by that is that we are again working with some of the founders and we are investing either in their products, companies, helping them launch products. In some cases, we are going in as a minority stakeholder, In some cases, we are probably going as a equal stakeholder but we are trying to make sure that this not only gives us the upside one of if these companies become successful, but also helps us mitigate the risk that usually companies face when they work with early stage and growth stage companies, Because having equity in our customers companies will align us with them in long run and they will feel incentivize to use us for our services. We will feel incentivized for going it for a mile for them. So that's the kind of relationship that we are building.

These products, we are very selective about which company we want to invest into, or where we want to take stake in what shape and format. We want to extend, credit line to them. It's highly dependent on the product that they are building and Swiss, if you're doing it only for select customers, and either these products allow us to position ourselves as business domain experts or technology and one such product that I'm really excited about where we are in probably three months away from the launch is an institutional grade crypto derivative insights and analytics platform this allows us to really showcase our skills when it comes to cross chain liquidity aggregation giving ML powered insight, So we are using open AI models over there for smarter, trade decisions and minimizing sleep age across blockchain trade execution, So by participating in a build of a product like this will allow us to showcase our blockchain skills, Our fintech skills, our AI/ML skills and that is how we are making the decisions of where we want to get more closely involved versus where we just want to be transactional.

Talking about future in general for this year. I am little conservative about the market about how this industry is doing at the moment. And this is largely because of the small indicators, that we are seeing based on the conversations that we are having with customers prospects and again in the network In general, our lead times have increased. So from a first conversation to actually conversion to the customer. And that also tells me that everybody has gone, very conservative, so that's for me, Astha.

Astha Jain:

Thank you Mam, With this, we start with Q&A session, requesting all of you to ask the questions either by raising hand and unmute yourself, or by typing your questions in the Q&A, checkbox along with your name, and your organization name.

So before starting with the Q&A, now I would like to stay that these introduce yourself and your organization name.

Mr. Ayush Agarwal, you can ask your first question, please unmute yourself.

Ayush Agarwal:

Good afternoon. Vinita Mam, am I audible?

Astha Jain:

Yes, you are.

Vinita Khandelwal Rathi:

Yes.

Astha Jain:

You can go ahead.

Ayush Agarwal:

Thank you. this is Ayush Agarwal from Mittal analytics. We run a PMS and also manage a family money. it is good to see our company coming out in the public and, doing con calls. I hope this is continued in the future as well.

Ma'am. I have a few questions. First is since I'm very new to the company and I don't understand it very well. It looks like from the outside that we're trying to do a lot of things, I mean that you mentioned about how building we have built capabilities and now we have all these early stage companies and startups with, who, we develop these products and we help them develop these products or maybe even launch these products. And now we want to tap into the larger customers as well. And then on the other side We're all so trying to maybe have a minority stake in startup companies and scale up opportunities there. So if you can break down at a very high level, what kind of a team do we have? What is our employees and what kind of divisional breakup we have done for each of these segments and how does organization think about that?

Vinita Khandelwal Rathi:

I'm sure So I want to begin by seeing that I don't think I'll be able to explain you the whole or chart on this call. but I'll try the best answer that I can to your question.

Ayush Agarwal:

Of course.

Vinita Khandelwal Rathi:

So you're absolutely right over last 10 years, we have happened to do a lot of things, And that happens when you are doing organic growth and expansion because you end up selling the customer who has come to you. And that is what has happened with this Systango. However, in last one year, what we have tried doing is number one, we have started becoming very selective who we want to work with and how do they make that selection? So we make that selection by what is this customer wanting services in and as I said when we look at the opportunity, we try to evaluate it from perspective. That is it gonna use a blockchain capabilities? Is it going to use our data capabilities? Or is it going to use our cloud capabilities? That's one.

We also look at what's the long-term potential? What's going to be the ticket size of this contract, long term, and short-term of that second and then third, we are also trying to position ourselves from a business sector expertise within Fintech, Hospitality, Probably these are the first two main ones again because of the existing customers we do end up, we have customers in edtech and we're doing a lot of work in energy tech etc. But I think Fintech Hospitality Climate Tech is probably the three ones where we really are trying to again penetrate deeper, going back to the team formation that we have, I think we right now must be having about 305 or 310 people out of this, We have close to 260 engineering head count to 60 or 265. So, those are actual billable individual. I think, out of those 260 we probably must be having about 200 or 210 developers who range from Junior developer to Senior Director of Engineering and we have a VP of engineering as well. So from experience In depth perspective, we have tried making sure that we have good representation right from O1 to O9. So these are the levels that we have right now in the organization.

I hope that answered your question ayush.

Ayush Agarwal:

That was quite detail. So this 260 billable headcount that we have today. What was this number a year ago?

Vinita Khandelwal Rathi:

I think that year ago, we must be at maybe, Two, I mean, I would just make this number up so please don't help me accountable. But I think we must be having most to probably 175 to 200.

Ayush Agarwal:

Of course, Okay, I got it. So That is interesting. So this is a 35% growth that we have seen in the last one year in our head count. Okay? so, what I want to understand again is that, They see that, this acquisition that we're trying to do with our customers, What kind of investments are we looking at? What is because ours is a small company right now and you've just raised the IPO money. So what kind of investments will be doing? What kind of money, will we be putting in? And how do you think about these investments? Because our core expertise is technology.

Vinita Khandelwal Rathi:

Exactly, So this is a very good question. The way we are building this partnership, is with our customers. We go into this relationship by offering our technical expertise. So either we would give our technical expertise at no cost or we would give it at a subsidized cost is probably there. we are moving towards for majority of our relationships that we are building with our customer.

Ayush Agarwal:

Okay, and what?

Vinita Khandelwal Rathi:

So it might have been cash into our customers like company. I think that's something that we will look to do when we do a acquisition for building a front office.

Ayush Agarwal:

And what do you exactly mean by this front office? And this JV part that you mentioned,

Vinita Khandelwal Rathi:

So front offices, having a onshore or presale team So sales team, Marketing team, product team and also some senior staff and engineering who are able to participate in pre-sales.

Ayush Agarwal:

I'm not sure I fully understand this. So will this be for a customer? Or will this be for ourselves?

Vinita Khandelwal Rathi:

This will be for ourselves so that we are able to like,...

Ayush Agarwal:

Okay.

Vinita Khandelwal Rathi:

on-site presence to our customers.

Ayush Agarwal:

All So in the earlier model where we subsidize the cost or we give the text expertise for free. What kind of risk do we force your? How strong is that due diligence there that if we are letting go over money what is the probability of that coming back and maybe making more money on that?

Vinita Khandelwal Rathi:

So again as I said, I don't think we have signed up a customer yet where we have said that we would work for just equity and we will not charge you anything. I think we have largely done subsidized rates and...

Ayush Agarwal:

Okay.

Vinita Khandelwal Rathi:

I think that is not margins. So we are definitely recuperating our cost and instead of 35% margin, we're probably having 10% margin. So that's like we're doing work at cost or just above the cost.

Ayush Agarwal:

You got it okay and right now this 50 crores of revenue that we see if you can break that down between different sectors, like you mentioned, Fintech hospitality and climate tech and if there are roughly what would have, Top 5 and 10 customers look like in this revenue FY 23.

Vinita Khandelwal Rathi:

So for the last year, I think our top five customers are probably accounting to I would imagine 40 to 50% of our revenue. from and...

Ayush Agarwal:

Okay.

Vinita Khandelwal Rathi:

Again these are the numbers that I don't have handy ayush. So if need be like this and...

Ayush Agarwal:

Sure.

Vinita Khandelwal Rathi:

That to you over the email just from top of my head. I think I would imagine for a fintech probably 40% of our revenue comes from Fintech and then meet out 10% from hospitality maybe another 10% comes from fantasy sports also which we're not really focusing on. And then I think we would have small chunks from other industries.

Ayush Agarwal:

Project but I guess fantasy sports would use a lot of generative AI and these tools. So why are we not focusing here?

Vinita Khandelwal Rathi:

I mean as a small company as you said, we are a very small company, So we have to focus on one thing that we can do really well. Given that 40 before revenue comes from Fintech and then we want to build our expertise around blockchain and generative AI. We felt that Fintech can be one of the first good industry for us to focus on for both the use cases. And then they're from that point onwards we can expand to other sectors.

Ayush Agarwal:

just last question from me, if you can give one a very technical thing that we may have done in the Fintech space and that of company feels proud about with an example of what are offering was to the customer just this last question from me.

Vinita Khandelwal Rathi:

So this product that I was mentioning about right where we are involved. This is a analytics where we are collecting data from different exchanges, our crypto exchanges, centralized and decentralized.

We are aggregating them in our database and we are running then fuel algorithms on top of it. And then we have build a Web 3 platform on top of it. Where we show customers aggregated liquidity across different exchanges on a specific pair of tokens, we are showing them if you were to do a big trade that has the potential of moving the market, how would you spread it across different blockchains relatively same paper with the minimum sleepage, This platform also allows you to ask your queries in natural language. So all you would say is, Hey what was the trade on ethereum? What was the biggest trade on ethereum or Hey, Where do I see the maximum liquidity for ether token? And it will run the query on the database and it will give you the results on its own. So it also has natural language processing that converts your question into a SQL query. I

will not really SQL query the query and So it runs it on the database that we have built for our customer and then show it to the user. And this is all happening on a web3 UI.

Ayush Agarwal:

Better, that's lovely to know. I'll come back in the future. Thanks for answering my questions.

Astha Jain:

Thanks...

Vinita Khandelwal Rathi:

Welcome.

Astha Jain:

Next question is from Manhar Yadav. Please unmute yourself and introduce yourself Manhar.

Manhar Yadav:

yeah, hi, my name is Manhar and I'm an Individual Investor and being So I just have two questions. So the first one is given that the size of a company, why do we plan to grow in organically? I mean, at this size, the organic growth opportunity should have been large enough for us to grow. And given the profitability we have right now, the ROI in all of that. So isn't that our internal approvals were more than sufficient enough for us to do any kind of such growth which even we are planning?

Vinita Khandelwal Rathi:

So if I've understood your questions, manhar correctly. The question is, Why are we focusing on inorganic growth versus atomically? We are still a relatively small company and we could just be growing ourselves organically or build more momentum out of organic initiatives, So you're absolutely right. I don't think that we are not doing it, we are not focusing on organic growth. We continue to focus on organic growth which is where I'm saying that we want to expand and build upon our sales capabilities, presales capabilities have our own short presence and have a solid tech our steam over there who can really explain what we are doing, why we are doing etc. So, that's an afford that we want to go deeper on our organic track path. The reason why we're considering in organic, is it just in my opinion? And this could really be perspective in my Opinion, If you are able to build a front office that saves you time of say a year by going inorganic then you're literally saving one year growth curve, And if you happen to have that one such Company that you can grow in organically with. this was one of our reasons behind listing as well. That by going public, it has allowed us to really demonstrate the value that Systango has, so just enables us to do. Better quantified conversations.

Manhar Yadav:

Yeah. Okay, one more follow-up on this was just that, I mean, we are doing, 14 crore of profit and I just seen your balance sheet it consists of 13, crores of current assets. So, I mean, we are having this 27-30 crore and on top of that we are again raising 30 35 crore, do at the size of our company. Do we really need such huge amount of cash to even grow inorganic.

Vinita Khandelwal Rathi:

I mean, to me it's less cash than what you would really require. Because if you think about it, 60, crores in dollar terms is probably Eight million dollars. If you were to go out and try to acquire a complete good company in eight million dollars, it's really going to be difficult to get that value out there for the money that you have. However, this is a decent tool for us to go out and establish some kind of joint venture and I think that's where we are moving towards

Astha Jain:

Thank you. Next question, is from the line of Deepak. Please unmute yourself in introduce yourself.

Deepak Poddar:

But I'm audible.

Astha Jain:

Yes, you are.

Vinita Khandelwal Rathi:

Yes.

Deepak Poddar:

This is Deepak Poddar. I'm from Safair Capital. So we have a family of his point. I'm just I mean, the key questions that I have our firstly today. As we stand how many clients we have and at what rate we are, looking to increase in those client. Number one, next to three years, My second queries on your growth part, you mentioned in your opening remark that We're looking to maintain the current growth. So is it pure organic growth? We are talking about here or some inorganic growth is also factored in the maintaining of the growth that you mentioned and what sort of margin aspiration we would have over next few years. Yeah.

Vinita Khandelwal Rathi:

Thanks Deepak. So I'll try to answer your questions. One by one from our number of customers perspective, I think we are serving about close to 25 to 30 customers at the moment. I think from a organic growth. So if you want to so the growth that I said that we're gonna have is all based on organic growth, we haven't factored anything in organic yet because there's nothing on the papers at the moment and these conversations do take time to bring consensus. so this is all largely organic and your third question, sorry was around.

Deepak Poddar:

margin definition.

Vinita Khandelwal Rathi:

Margin So I mean Look I'll be in my opinion. We had extraordinary margin last year. Will I be able to maintain it? I think time will only tell.

Deepak Poddar:

Understood and in terms of Client, I think 25 to 30 is the total number of clients at the moment?

Vinita Khandelwal Rathi:

Yes.

Deepak Poddar:

what age we are looking to increase, I mean, per year?

Vinita Khandelwal Rathi:

So, I wouldn't necessarily want to quantify it. In terms of number of customers, we would definitely want to go deeper at least in our top five customers. I think I really see a lot of growth coming from there and even going forward what I really want to do as a company is get larger customers. So don't necessarily convert from 30, customers to 60 customers and double the revenue. I would ideally want to do 32 45 customers and double the revenue. So as I said you want to have larger deals and larger clients, so I think probably 40 would be my sweet spot.

Deepak Poddar:

Public customers. And in what? Next one year?

Vinita Khandelwal Rathi:

Next one year is what I would want to aim for. Yes.

Deepak Poddar:

and maybe one to read the 40 customers to some existing customers. Also, you're looking to deepen, your penetration rate, I mean that ID would you like to do that?

Vinita Khandelwal Rathi:

Yes.

Deepak Poddar:

Thts it from my side mam.

Vinita Khandelwal Rathi:

Thank you.

Astha Jain:

Thank you. Next question, is from saurabh sadhwani. Please unmute yourself and introduce yourself.

Saurabh Sadhwani:

Hello. Good afternoon. I'm from Sagar Capital Pune. And we are a PMS. so, I wanted to know We had very phenomenal growth this year. And so what? Drove this growth

Vinita Khandelwal Rathi:

I think it's this strong so it hasn't happened overnight, If you see our last three years numbers. For example they have been growing right? So we had a good financial year 21, we had a good financial year 22 and then we had an extraordinary financial year 23. I think I would probably say that the word that we had put in financial year 21 and 22 that made us off in 23. That's all the market situations were very Favorite for writing in general last year, in my opinion, especially the sectors were focusing on which blockchain data and cloud. So I think all of them together, It was the results that we had last.

Saurabh Sadhwani:

Okay, so we will, serve mostly small early stage and early means smaller, and medium companies. So there was a funding problem in the later half of FY23. So did we see any slowdown because of it?

Vinita Khandelwal Rathi:

Yes. As I said in my opening remarks, I am definitely seeing a conservative outlook. everywhere from our customers there they are taking longer time to approve a project for example from our lead also which are taking longer time to make decisions. So this definitely a slowdown in terms of how quickly people who are making decisions versus how they're making right now. And they have also gone conservative when they come off on a project.

Saurabh Sadhwani:

Okay, and you still maintain that you will be able to do the growth that you have done this year or maybe in the past three years aggregated?

Vinita Khandelwal Rathi:

I. Yeah, I mean I want to be conservative in saying but we will try our best.

Saurabh Sadhwani:

Okay, one just, so I wanted one clarification about the business so we, Systango helps their clients to develop their softwear products, is that correct and we are not doing any back office or operations or digitalization right now?

Vinita Khandelwal Rathi:

No! so we work with businesses for digitizing them. However, our core business is product engineering. So from a split of hundred percent probably are 70%, work, is product, engineering work. And 30%, I would say Is digitizing our customers back Front office, business flows.

Saurabh Sadhwani:

So the nature of these contracts is a long term or maybe I think product engineering, contracts are shorter than the digital transformation context right?

Vinita Khandelwal Rathi:

Yes.

Saurabh Sadhwani:

And a bunch of I think bookkeeping questions. So the first one is that we increased the intangibles and goodwill this year. So Is there what you were talking about in the beginning, about the products that you have been building? Is that the same thing?

Vinita Khandelwal Rathi:

So I think I'll have to come back to you on What that number means and how we have in the book.

Saurabh Sadhwani:

Okay. Yeah.

Bhavya Mantri:

So shall I, Vinita intangible is basically that is related to that,...

Vinita Khandelwal Rathi:

Yes, please.

Bhavya Mantri:

Outhouse which has been built up for the right to use that out house for the employees of sustainable. So that is the reason this number has increased

Vinita Khandelwal Rathi:

Got it.

Vinita Khandelwal Rathi:

Got it. And how about goodwill? yeah.

Bhavya Mantri:

Goodwill. Have an intangible is increase. I don't see that goodwill has increased,...

Bhavya Mantri:

I need to check on that if it is,...

Vinita Khandelwal Rathi:

Not as hard.

Bhavya Mantri:

but intangible number has increase because of the right to use that out house for the employees.

Saurabh Sadhwani:

And okay and also the trade receivables have gone of very significantly this year. So are we seeing any problems with the payments right now?

Vinita Khandelwal Rathi:

So, I mean, this is also one of the signals that demonstrates us that there is a problem in the industry are usual, payment cycle which in my opinion is very unheard of our customers would And used to clear our invoices second day, they receive or third day is they receive? However, now they are taking the 30 days or 60 days or terms that we have on our contract to clear, the invoices that we raise to them and I think this is a reflection of that.

Saurabh Sadhwani:

Thank You, I will come back.

Astha Jain:

Thank you, Here I would like to mention that I'm requesting all the participants to limit their question, to two at present and later they can come back in the queue. With this. the next question is from Brijesh Parekh, Brijesh please, Unmute yourself.

Brijesh Parekh:

Yeah, hi ma'am. Congratulations. I have two questions. One is I just want to understand from your side, what is your long-term strategy? Especially over the next three to five years. Where do you see the company in that period along with the revenue size? And also the manpower which you think you want to hire in the next few years? And also what would be the EBITA by that point of time? That's my first question.

Vinita Khandelwal Rathi:

So, by nature that I'm a very ambitious person. And if I were to give this answer, six months ago before I went to all these investor calls and participation, I would have given an entirely different number. However, the number that I would want to code for ourselves for three years, I wouldn't say I think five years in my opinion is a long horizon. I'm aiming for and the next three years in terms of our revenue, we would definitely want to cross. I would say, 250 plus, that's what I would want to put forward for myself now. How do we go about achieving that? I think I really see a lot of potential and opportunities when it comes to blockchain web3 space if you want to position ourselves as one of the experts there and that's where we have been building that practice. We also want to go inorganic, I think so we wouldn't, just grow organic and build this revenue number. I think we can hit this. Only, if we are able to form a conglomerate of a few companies who specialize in different technical expertise.

Brijesh Parekh:

And that's good to hear. And what about the EBITA? Do you think that it would stay at a similar trajectory?

Vinita Khandelwal Rathi:

I think as you grow bigger, there's definitely an impact on your EBITA and I've seen industry standard is largely To 25%, I would definitely want to do along those lines, if not better.

Brijesh Parekh:

Sure, my next question is what is your ticket size of the contracts at this moment and what do you expect on the way forward?

Vinita Khandelwal Rathi:

So, our average ticket size right now is, I would say between 75,000 to 100,000 dollars. That's where we are at. However, we end up making these probably out of 10 customers. We end up having four customers as repeat customers and that's where our overall relationship size increases.

Brijesh Parekh:

I'll get back in the queue. I have a few more questions, but I'll get back into you. Thank you. Ma'am. And all the best.

Vinita Khandelwal Rathi:

Thank you.

Astha Jain:

Thank you. Next question, is from the line of Raghava Bar. Please unmute yourself and introduce yourself.

Astha Jain:

Raghava. Please unmute yourself. Right.

Raghava Bar:

Yeah, yeah, I'm speaking on mute. Okay, so myself Raghava, I work with an analytic company, I'm an individual investor. So first of all, congrats on the fantastic results. Okay, I have two. The first question is, As a book with and let us company. I can see, we are losing some projects because of the conservative market which you're talking about. Do you see that happening in this Systango as of now?

Vinita Khandelwal Rathi:

So we are not losing customers per say, but as I said, we are definitely notice on conservative outlook from our customers. And so there is definitely slow down in terms of where we were probably providing 10 headcount they might have reduced to nine or eight or they don't want to go to 12 originally anticipated. So we are definitely seeing a lot of conservatism towards that.

Raghava Bar:

So you think the kind of growth we have from last year too. So from 2012 to 2023 may not be sustain. Going forward from 2013 to 2014 at 24 at least in the medium terms.

Vinita Khandelwal Rathi:

So right now we wanna maintain the same growth. Will we be able to do it or not? Is something that I don't think I'm very positioned, I'm positioned. Well enough to answer that.

Raghava Bar:

Okay, okay. Yeah. The second question is, I know you're talking about the inorganic growth, the acquisitions and everything. Can you share some light on if there are some talks going on? Or are there any chances of we hearing from you guys about acquisition in the next six? Seven months.

Vinita Khandelwal Rathi:

So as I mentioned, we are probably, advanced stage of conversations with, some of the companies around Jvs are not in outright acquisition, but definitely around the Jvs now, there's nothing concrete on the paper, there are, as I said no time sheets or anything that we have exchanged yet, so it's not early stage but it's really really advanced stage of conversations but nothing complete. will it be finalized in the next six to nine months? I would love to do it. That's what I'm working towards. Will that happen or not? I think time is gonna tell.

Raghava Bar:

I have few more questions but I will wait in the queue.

Astha Jain:

Thanks, Next question is from the line of K. B. Please unmute yourself and introduce yourself.

Vinita Khandelwal Rathi:

Thank you.

K B:

Hi Vinita. I am Kaushik Busa from Mumbai. And I am one of your investor. I have few questions, vinita When can we expect our Dividend as we are growing at a very good speed. And the second one is as we have 20 to 30 clients. What is our average contract size? And my last question is, please tell me about next year. projection is not just about numbers, but addition of client new areas. We are entering like other countries.

Vinita Khandelwal Rathi:

Sure shortcut, So dividends on, I am. Not sure at the moment. I think the money that we raised three months ago and the cash that we have accumulated, I think it can go long way if we invest that back in the company either in the form of building the front office or forming a joint venture. So I don't think I'll be able to give a concrete guidance on when we can start doing that. If we come to a point where we believe that we are not really able to make good use of the money that we have accumulated. I think that's when we will start looking at just giving out as a dividend to our shareholders. So it's really about returning best value to our investors and shareholders.

From a ticket size perspective are roughly on an average. Whenever we close a new customer, we are looking at a deal size of 75,000 to 100,000 that's like, our sweet spot. However, out of every say, 10 customers that we sign up with three or four, ends up signing us up on an ongoing basis. So then the deal size really increases at that point onwards. From a projection perspective, I would love to maintain the growth rate that we have had from 21 to 22, 22 to 23, I think. But it's driven by a lot of external factors, right? how the market evolves, the space where we are operating specially the early stage and growth stage companies and also in general, IT sector, right? So I think based on that, it's gonna really demonstrate what's gonna be our numbers for this year.

And lastly, I think this year is going to be a year of investment where we invest a lot in building our capabilities and for our growth in the coming years. So, I've always seen this trend where you don't have that much growth in one year but then because you have invested in the right places you get better growth in the coming years and that's how we have been working for last five years and that's where we see ourselves going.

K B:

Thank you.

Astha Jain:

Thank you, Next question is from the line of Praharsh Rai Please unmute yourself and introduce yourself.

Praharsh Rai:

High Astha, I'm praharsh from Suresh advisors So I have a couple of questions who are like your biggest competitors?

Vinita Khandelwal Rathi:

so, I mean, our industries, very saturated and very competitive, So people might call any company who has a head count of 300, people as our competitors. However, I like to, call ourselves as a consultancy as well as integrator. And so we probably keep ourselves very close to companies like Accenture, for example, I think That has been the track where we want to go towards where we give lot of consultancy to the customers we work with and then when we are able to finalize their roadmap, then we also help them build and deploy like, the roadmap as well.

Praharsh Rai:

I miss it. and one more question, so you mentioned that 67% of your revenue or workstream is from product engineering. So when you say that, it means that when a company needs to build some product, you are product, providing some, five to ten people to do or to make that software or tool or integrate for them. what exactly is it that you do? if you can give some example that will be helpful.

Vinita Khandelwal Rathi:

Sure, sure. So an example that I gave early on there we are involved which I really take pride in is a platform that we are building, which is an analytics, and insights platform on aggregated crypto data across several centralized and decentralized exchanges.

Vinita Khandelwal Rathi:

so we have been instrumental in building the architecture of this whole platform building the integration with learning models. So we are using opening models over there. So building those generative, AI models building data pipelines. So that these models gets mature over the time building the UI that allows users to actually query the data that we have aggregated and run the natural language queries. that the examples that I previously gave. So give me the exchange that has the most liquidity last seven days, for example. So, those are all that we would do so again at a high level, a customer would come to us. Will say, Hey, we are looking to build this and this could be a small company a startup company, or it could be an enterprise company who's wanting to implement blockchain for one of the use cases, they will come to us and say, Hey, we want to do this and then we will sit with them. We will do a process called discovery where we will try to understand what their goals are. Objectives are? We will try to build a road.

For them. this is how they should go about solving this business problem using the technologies that they have on their radar. And then once the sign off on that roadmap, that's when we will go and implement like, that roadmap for them.

Praharsh Rai:

Understood. And so main the primary revenue is coming from Indian customers, or they're more abroad. how's that split.

Vinita Khandelwal Rathi:

So we do not have customers in India or we must be having, maybe one or two customers in India, majority of our customers come from US and UK. So, it's all exported in business.

Praharsh Rai:

Thank You

Astha Jain:

Thank Our next question is from the line of Piysh Jain. You should. Please unmute yourself and introduce yourself before asking the question. You please unmute yourself.

Astha Jain:

So we are taking another question till the time. Push will get unmuted. The next question is from the line of Mr. Sahil Patni, Please unmute yourself and ask your question.

sahil patni:

Yeah. Hi this is Sahili I'm an investor-based out of Pune. So two questions are you spoke Vinita about Blockchain and Web3? Earlier on I wanted to understand now over the last 18, 24 months, like the Blockchain, the defy, these categories like The work that's been happening, they are currently in the slowdown, The market is in a soda so is that kind of affecting your project pipeline anyway because obviously we've seen a lot of NFT is also that really got popular last year. they're now being sold at pennies and very less amount. So is that affecting your business in any way? that's my first question.

Vinita Khandelwal Rathi:

So thanks So there is a slowdown in the industry not just in Blockchain, but I think across other sectors where within Blockchain, we do a lot of variety of work in the sense that smart contracts, tokenization and then we also do work around moving towards distributed level, So while there is a slowdown, I don't think there is a slowdown across all the type of work that happens within defiant with three space and people still see blockchain as future. I think it's still holds its position as a distributed the immutable property. so the overalls known as is not just in blockchain but I think across all other areas as well in general which has had an impact on our pipeline as well.

sahil patni:

Got it and with the recently air scam that happened with Fdx and now the US regulator that really getting that pumped on with their attacking binance and coin base. So the whole ecosystem is a little bit, on the edge, right? So in that sense is that affecting your business?

Vinita Khandelwal Rathi:

So first, I think it's very important for everyone to understand that crypto in Blockchain are two different things. They're not one in the same. What is happening in the trading? Space is not necessarily going to happen to Blockchain in general. Also and it's not really questioning blockchains uniqueness and what it brings to the table. I think what has happened with Ftx it was largely a compliance and a governance like issue that I can't really comment upon but world is still open for innovation and every single country has been trying to regulate our crypto in general. Now how that is impacting sustainable. A regular regulatory bodies marching towards binance. For example, I think, because it's a unregulated space that's going to continue to happen.

sahil patni:

Can write engineering data science. I'm development. So in these categories, I wanted to understand there are obviously other big ideas as well, you operating in similar things. So what is that edge? That systango Techn.

Vinita Khandelwal Rathi:

I think the agility that we bring for our customers. So when you go to a bigger company, it takes time to put the team together to actually deliver we usually have our products in production in three months, that's our average turn around time, right in figure companies, usually takes that amount of time to actually get the team up and running gets contract signed up and have something in place. So, I think the speed at which we work with the companies that we work with the consultative capabilities that you provide to them. So I've said this in the past, also, we are not just like execution people. we won't just work off the specs that are given to us. We try to understand what are objectives of our customers are. And we want to work towards that. Not just what is being asked? I think that's the major differentiator and I think lastly, the value that we charge, the amount that we charge and the value that we offer, I think, that really sets us apart of other than all the technological expertise that we have.

sahil patni:

You got it. Okay. Thanks.

Astha Jain:

Due to time, limitation, we have to end this call here. However if you have any queries, please email the same at the cs@systango.com In the end. I would like to thank management team of this Systango Technologies Limited for taking time out and responding all the queries in great detail with this we are ending this earnings conference call of Systango. thank you all for joining this call today. You may now disconnect, Thank you.

Vinita Khandelwal Rathi:

Thank you, everyone.