"Paramatrix Technologies Limited

H2 and FY25 Earnings Conference Call"

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MANAGEMENT: **MR. MUKESH THUMAR – FOUNDER, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – PARAMATRIX TECHNOLOGIES LIMITED**
MR. SREERAM MELARKODE – CHIEF DIGITAL OFFICER – PARAMATRIX TECHNOLOGIES LIMITED

MR. PARIMAL PATEL – CHIEF FINANCIAL OFFICER – PARAMATRIX TECHNOLOGIES LIMITED
MR. VIKRAM KOLE – SALES HEAD – PARAMATRIX TECHNOLOGIES LIMITED
MS. SHUBHADA MAHENDRA SHIRKE – COMPLIANCE OFFICER – PARAMATRIX TECHNOLOGIES LIMITED

MODERATOR: **MS. SAKHI PANJIYARA – KIRIN ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to Paramatrix Technologies Limited H2 and FY25 Earnings Conference Call hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Sakhi Panjiyara from Kirin Advisors. Thank you, and over to you, Ms. Panjiyara.

Sakhi Panjiyara: Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Paramatrix Technologies Limited. From management team, we have Mr. Mukesh Thumar, Founder, Managing Director, and CEO. Mr. Sreeram, Chief Digital officer, Mr. Hiran, Chief Operating Officer. Mr. Parimal, Chief Financial Officer, Mr. Vikram Kohli, Sales Head and Ms. Shubhada, Compliance Officer.

Now I hand over the call to Mr. Mukesh Thumar. Over to you, sir.

Mukesh Thumar: Thank you. This is Mukesh Thumar here. Good afternoon, everyone, and thank you for joining us today. It is my pleasure to welcome you all to the Paramatrix Technologies Limited earnings call conference for the second half and the full year ended March 31, 2025.

FY25 has been a significant year in the continued evaluation of Paramatrix Technologies, a year marked by focused execution, strategic progress, and deliveries of our operational and financial commitments. Throughout the year, our teams have demonstrated resilience, agility, and strong execution capabilities, strengthening our position within the rapidly evolving digital landscape.

For those new to our journey, Paramatrix is an experienced technology solutions provider with over two decades of proven capabilities in enterprise software solutions, consulting, and digital transformation services. We proudly serve clients across sectors such as BFSI, capital markets, government, health care, and education.

Headquartered in Mumbai, we currently deliver solutions to clients in more than over 19 countries and have successfully executed 350 projects for more than 150 clients worldwide. Engagements are defined by deep domain expertise, solution-oriented delivery, and an unwavering commitment to accountability and quality.

For financial year 2025 was a period of deliberate and strategic progress for Paramatrix. We successfully expanded into new geographies, strengthening our internal framework for enhanced stability, scalability, and further matured our execution capabilities across all client engagements. Our approach remained disciplined and consistent, focused on sustainable growth, maintained prudent cost management, and continued nurturing a high-quality digital service portfolio oriented towards long-term value creation.

From a broader industry perspective, technology adaption has become increasingly integrated and sophisticated. Enterprises are significantly rethinking their operational models, customer service delivery, and data utilization strategies, placing renewed importance on securing scalable and outcome-driven digital solutions.

Whether it is automation, advanced analytics, or AI-driven solutions, clients are increasingly seeking reliable partners who can deliver efficiently at scale and with deep industry-specific expertise. Paramatrix remains ideally positioned to address these evolving needs and continues to invest in enhancing our capabilities for the future.

Let us now discuss our financial performances for H2 and FY25. For the second half of FY25, our total income stood at INR16.6 crores, marking 14.46% growth compared to the same period last year. The EBITDA for H2 FY2025 was INR4.96 crores, reflecting a margin expansion of 29.88%. Net profit during this period reached INE3.41 crores, growing 46.86 year-on-year, with a net margin improving 20.54%.

For the full year, our total income increased to INR31.3 crores, up by 9.54% from FY24. EBITDA stood at INR8.14 crores, with a margin improvement of 25.99%, up from 19.80% than previous year. Net profits from FY2025 amounted to INR5.76 crores, a year-on-year increase by 39.5%, translating to a net margin of 18.37%.

Earnings per share for the year were 5.57. Our financial positions remain robust, maintaining a debt-free balance sheet and closing the year with strong cash reserves of INR45.36 crores. Additionally, we are currently undertaking INR5.99 crores share buyback, underscoring our continued commitment and confidence in the intrinsic strength and long-term fundamentals of business. These financial outcomes exemplify the strength and consistency of our operating model, our unwavering focus on high-quality execution, client satisfaction, and disciplined financial management.

Before moving to the closing remarks, I would like to hand over to my colleague, Sreeram, who will briefly discuss recent technology advancements of Paramatrix, following that Vikram will provide a concise overview of our strategic roadmap for future. After their updates, I will return back to the closing remarks.

Sreeram: Thank you, thank you, Mukesh. And hello, everyone, this is Sreeram here. I'm pleased to share a very pivotal update in Paramatrix’s technology strategic journey, which is basically our shift from being a primarily IT services firm to a product-first enterprise tech company. This is not just a shift in delivery model, it's a shift in mindset, and that's how we have gone about this whole thing. It reflects our vision to drive long-term, scalable value for our clients through industry-focused platforms and accelerators.

Over the past year, we've invested significantly in building proprietary products that solve real-world problems across our key focus verticals, such as BFSI and healthcare and manufacturing. I'll briefly touch upon maybe three flagship platforms. There are a few I want to touch upon, basically three of them. One is Xsight, the other is Playmity, and the third one is Convex.

Each of these is designed to be modular, scalable, and aligned to our clients' digital transformation priorities. If we were to start with Xsight, our advanced analytics and MIS platform, it is purpose-built to help banks, NBFCs, and brokers unify their data sources and deliver real-time actionable insights.

It comes with pre-built data models for the BFSI sector, customizable dashboards, and automated reporting features, all while being scalable and compliant with enterprise-grade security standards. We are proud to see Xsight already in action with some of our marquee clients, including banks, NBFCs, and capital markets companies. This helps in driving smarter decisions and sharper business performance for them.

Moving on to Playmity, this is our AI-powered gamification and behavior change platform. Playmity transforms how sales teams or service agents and even trainees perform by embedding competition, recognition, and engagement into everyday workflows. Whether it is personalized efficiency nudges at scale or AI-powered performance analysis or gamified training modules, Playmity uses data-driven triggers to influence behavior and boost productivity. It integrates seamlessly with CRMs and HR systems, making it a plug-and-play tool for companies looking to inspire performance at scale.

Now let me introduce Convex. It's a cutting-edge conversational platform powered by Generative AI. Convex enables business users to literally talk to their data. With AI-driven natural language queries, users can generate reports, extract data insights, and even integrate with enterprise databases, all through a simple chat interface.

Convex has a robust access control mechanism built in for data security, inheriting roles and rights from existing reporting platforms and extending them to its interface. It supports both cloud and on-premise environments and boasts of industry-specific customizations for verticals like BFSI Healthcare, Logistics, etcetera. With Convex, we are democratizing data access, making insights instantly available to users without needing technical skills or IT intervention.

Now put together, these products form the backbone of our shift from services to scalable IT-led solutions. The benefits are already evident, higher client stickiness, growing ARR through SaaS pricing, and a foundation for our geographical expansion plans, such as the Middle East and Southeast Asia.

More importantly, we are solving real enterprise problems, be it fragmented reporting or low engagement or limited access to insights. We believe that this transformation positions Paramatrix for sustained growth, improved margins, and greater impact in the markets we serve. Our team remains focused on innovation, execution, and creating differentiated value through technology.

Mukesh Thumar: Vikram, you would like to add on the future roadmap for us?

Vikram Kole: So good afternoon, everyone. This is Vikram Kole. Thanks once again for joining us on the earnings call today. So as mentioned by Mukesh, FY21 has been a pivotal year for Paramatrix. We closed this year at INR31.3 crores, and that sets up the right foundation for us to continue our expansion in our key verticals, which are specifically in banking, financial services, insurance, public sector, and recently in the Middle East with a focus on healthcare.

So as we look forward, the strong trajectory that we've planned for ourselves is with a projected revenue for FY26, which is the current year, trying to close it at about INR69 crores, moving upwards in terms of FY27 to become a INR100 crores company, that's the overall projection that we have, which typically is a 88% CAGR over the current year, over the next two years, right?

Now, these projections are certainly based on -- certainly, our existing multi-year contracts that we have on hand. The visibility that we have in terms of our near closure, our engagements that are happening across, and also plans to expand in markets like the Middle East and East Asia, right? As Mukesh mentioned, we've already opened up an office in Japan, which is giving us good traction in that market.

And in India, we continue to have those decisive discussions and engagements within the target segment, as well as significantly looking at monetizing our solution accelerators. I think Sreeram mentioned about three of those accelerators, but we have five to six of them where there are various stages of pilots getting conducted with our target segment, and that's where he's going to set the foundation for us in terms of supporting our projections for the coming two years, right?

So in India, our BFSI public sector continue to see strong digital mandates from these organizations. We are certainly leveraging our domain as well as technology expertise in the areas of application modernization, data modernization, cyber security, and overall digital transformation, which is helping us construct those multi-year, multimillion dollar kind of engagements, right? One of them we recently closed, and that's a testimony to the kind of strategy that we have in place, right?

In the Middle East, we are seeing a strong traction in the healthcare segment, majorly around the device integration for seamless patient management. We've kind of built that capability here in India, ready to serve that market, and we've also kind of entered into collaborative partnerships to ensure that we kind of show our presence in the Middle East, especially the Saudi Arabia and the UAE market.

From the perspective of our current status to kind of close out on this year as well as the next year, we've kind of built a healthy pipeline, which gives us visibility close to about INR50 crores to INR70 crores kind of a pipeline, where multiple discussions are happening. And over the next 12 to 18 months, most of these discussions are ready to conclude, right?

So in essence, what we are talking about is we continue to remain a services company, where almost 70% to 75% of our business coming in from our services business, which is a set foundation for us, market is ready for it, market is acceptable to talk about what Paramatrix can deliver. The balance 20% to 25% is what we'll see our accelerators helping us get there, right?

And out of these overall INR100 crores target over the next two years, 60% to 65% still will be, we continue typically where India and the surrounding markets, but a significant chunk of more than 30% to 40% will typically come in from our overseas geography. So that's where I think it sums up in terms of how we look at our offerings and the market potential in our targeted segments. Yes, Mukesh.

Mukesh Thumar: Thank you, Vikram. Thanks, Sreeram as well. So looking ahead, we remain focused on further expanding our promising, I mean, further expanding into promising international markets, continuously enhancing our delivery and infrastructure capabilities, and nurturing strategic client relationships. Our strategy remains rooted in sustainable growth, operational excellence, and responsible capital allocation with clear objective of generating long-term value for all our stakeholders.

Before we open up for Q&A, I would like to sincerely thank our clients for our continued trust, our teams for their relentless dedication and excellence and our shareholders for their ongoing confidence and support. At Paramatrix, we are building a resilient, scalable, and highly relevant organization and we are confident about getting this positive moment into the future.

With that, we are happy to take questions, if any.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Dhanraj Solani, an individual investor, please go ahead.

Dhanraj Solani: Okay, so I have a couple of questions so I'll start with the first one. Can you elaborate on the factors that contributed 49 approx. percent YoY growth in EBITDA during H2FY25?

Mukesh Thumar: It was our services sector, ADM sector, application development and maintenance, which is our core business. That was one. And there were, I mean, a small portion of our other incomes as well, which was from the IPO money, which is there.

Dhanraj Solani: So connecting to this question, so what led to the significant increase in the net profit margin in H2FY25, after the EBIT margin?

Mukesh Thumar: Yes, so I think the IPO reserves gave us the interest income, which was other income, which is ideally, I mean, I think it's not utilized fully. So that's the reason why it was there. But so, this year, the deployment and the revenue would start looking at it. It is just the six months. The second quarter, after the IPO, which led to this revenue from other incomes a little bit.

Dhanraj Solani: Okay. Exactly, how do you plan to sustain this improvement in EBITDA and in net profit in the upcoming quarters, I would say, or the financial year?

Mukesh Thumar: So Vikram, would you want to add?

Vikram Kole: So I think, one factor of that is, from our perspective, our multi-year contracts with customers are very clearly stated, right? And if you understand the IT and the digital services market, once you are able to kind of have a firm contract of three years, over a period of time, you kind of consolidate in terms of how you serve that particular customer, right? And that's where the factory model concept comes into play, where we are able to control and optimize our costs, which immediately impact, you know, the margins on each of these deals, right?

So as long as we have these longer and larger multi-year contracts, that typically will be the route for us to keep improvising on our margins as we go across, right? And that really helps from a services standpoint, that's one.

The second is, as we mentioned, the contribution of these accelerators, which is a one-time development cost and then an upgrade cost, right? But at the end of the day, we offer these on an annual subscription basis, which directly impacts the overall net profit that we do out of these contracts. So a combination of that is where we plan to kind of sustain our margins and profit going forward.

Dhanraj Solani: Okay. So let me tell you, what is the current run rate on the total income, the post, I would say, H2FY25, and how does it align with the four-year guidance?

Vikram Kole: Run rate, as in you're talking about our quarterly booking or quarterly revenue, what kind of a run rate are we talking about?

Dhanraj Solani: Like post H2FY25.

Mukesh Thumar: Post H2, I mean, you're talking about the two, I mean, one month that has been passed on, one, two months that has passed on?

Dhanraj Solani: You can say kind of.

Mukesh Thumar: So that run rate is, I mean, in line and almost with the same forecast that we are analyzing. So hopefully that -- I mean, what we are projecting is a INR60-INR65 crores this year. We will be trajectory on that.

Dhanraj Solani: Okay, so one last question from my side. So taking expansion under consideration, so can you share more of the details of the progress site and outlook for your Japan and Southeast Asia expansion?

Mukesh Thumar: Sure, I think on this call, I think we'll be a little verbose, but maybe I think there could be a communication happening through a web medium that we can give that, or probably you can write to us and we can write back to you as well.

Dhanraj Solani: Okay, sure, sure. Thank you, thank you. That's all from my side.

Moderator: Thank you. Next question comes from the line of Ankur Gulati, Genuity Capital, please go ahead.

Ankur Gulati: Congrats. I guess this is the first SME company which I've seen doing a buyback. Such an intelligent use of capital. So congrats.

Mukesh Thumar: First SME, we are being experimented here, but anyway, there are a lot of other things that we learned and we are also learning on that.

Ankur Gulati: Yes, maybe that's a discussion for some other day, but anyways, if you just spend two, three minutes, give us more, how is the product doing? We did some ref calls to figure out what you're doing with Xsight and AI, but just give some dummies insight, as a layman, what are you guys trying to achieve with these products?

Mukesh Thumar: On the Xsight, okay. I think Sreeram.

Ankur Gulati: Sorry, Sreeram, apologies, but just cover all the product suite if you can?

Sreeram: Certainly, happy to do that. So we enjoy working with data. We've been, we have a very strong data practice. And data is something, as you know, it's called the new oil. So there's a lot of work that, especially with the big data coming in, there's a huge volume of data that different organizations possess and manufacture on a daily basis.

So our Xsight is our contribution to that entire aspect where it helps to understand and analyze that data and to present it and represent it in the right manner. So I mean, if I were to speak in layman terms, I think this is how best we could talk about it. It's a very powerful platform, which, we provide as enterprise deals rather than per user license deals. So that's something which our clients also find very attractive. So this is as far as Xsight goes.

Ankur Gulati: Sorry, Sreeram, if I may. Sorry, Sreeram, apologies. You're not doing a SaaS, right? That's the buzzword. You're saying enterprise deals, not SaaS?

Sreeram: Yes, so Playmity is SaaS. The other product that I spoke about, that is completely SaaS. Convex that I spoke about is also SaaS. So different strokes for different folks is how we follow it, right? Now, Playmity and Convex, both of these are provided on a subscription basis. And so, I mean, shall I move on to Playmity now?

Ankur Gulati: Yes, keep going.

Sreeram: Yes, so Playmity is a gamification platform, right? I mean, typically any favorable behavior that the organization wants to promote amongst any set of users, Playmity is able to push that and help them do it. It helps -- it has a lot to do with behavioral science. And also in terms of it uses, it leverages a host of AI that we have built into it. It has a machine learning engine within it, which learns automatically. And on a daily basis, it is able to target individuals at scale.

So we've tested this for as many as 12,000, 15,000 different users of one particular organization. So to that extent, it can scale and it can still provide individualized responses and nudges and prompts. That explains Playmity. It also has a very powerful performance analyzer engine because it is a two-way action.

One is to actually prompt someone to do some particular activity. And at the end of that, also analyze whether that activity is getting done and how well it is getting done, why? You know, whether if it's not done, then what are the likely reasons why it is not done? That also it tries to analyze and provide.

Now, Convex comes back to the data space. Again, I mean, since that's our strength, we plan to play by our strengths as well. In Convex, what happens is it helps people to talk, literally talk to their data. And it's not just that. So everybody these days in their personal lives are used to having conversations with AI engines like ChatGPTs and Geminis of the world.

So we decided to provide a platform which can help people in organizations talk to their own data. Instead of, typically, if you were to generate a particular report, what we have seen a lot of people do is to go into a menu and a submenu and then select dropdowns from and to dates and lookups and so on, generate a report, then ultimately save it in Excel and run some pivots on top of it, to eventually get that one number or a graph that they want to see.

So what Convex helps is it helps them directly. So the person can just ask a question, like verbally ask a question or type down a question which says, I want to see the trend of sales performance for the Eastern region for the last three quarters. So the Convex engine actually does all the hard work and generates this within seconds and delivers it.

Ankur Gulati: So there's something like ChatCSV is doing, right, or Flatfile or even, I think…

Sreeram: Yes, but then again, also taking into consideration the data restrictions that every individual has within their organization, let's say it's a regional manager who has access only to a certain geography, then it only provides data related to that geography and so on.

Ankur Gulati: Okay, so let's say you have now three, four stepping stones ready. How are you guys planning to push ahead? I mean, you've given a pretty steep revenue target. So if you can help us on some sort of a bridge chart, if I may, from INR30 odd crores to whatever, INR60, INR70 crores. Which of these guns are going to fire this year and why?

Vikram Kole: So majorly from a product perspective, it's going be Xsight, Playmity and Convex, these three, because Xsightand Convex certainly go hand in hand, in terms of talking about the value add that we are doing from a data perspective or what we call as data specialization for the organization, right? So as I said, Xsight typically will grow to close to being a INR20 crores P&L in itself, right?

From a top line perspective for over the next two years, we already have a couple of customers who are already using it. We also have one very, very close transaction that is going to happen in the next week or so. So with a customer base of around three, I think that's the next level that we will achieve on Xsight part of it.

On the Playmity side, certainly since it's a new disruptive concept, from the perspective of gamification being construed as is it another CRM software, so there is a bit of realignment that we are doing and maybe, you know, three or five pilots that have been targeted in the next couple of months, which will typically be the start point for us to start, kind of or talking about the ROI that customers will get across their internal efficiencies through the gamification platform, right?

So that's the strategy, right? The other, of course, as I mentioned, our existing customer base, which is strong enough, these become good sites for us in terms of talking points. So possibly we'll have some sweetening deals happening in this market or in this customer base, but that should set up the setting of the customer foundation for this.

So that's the overall thought process. Certainly, there's a strategy and we have a sales and marketing engine and all that happening around that.

Mukesh Thumar: So I mean, just answer in terms of numbers, so, I mean, the two year projection, around 27% to 28% we are targeting with the accelerators and the rest will, I mean, anyways, because the largest revenue share is from the services business, so that will still grow that way.

Ankur Gulati: Okay, let me see, 90% of your FY25 revenue is from top 10 clients, right? So those guys are giving you roughly, let's say INR25 crores, INR26 crores, or whatever?

Mukesh Thumar: Absolutely, absolutely.

Ankur Gulati: When you're talking about INR70 crores, sorry, go ahead.

Mukesh Thumar: Sorry, go ahead, sorry, I didn't get your question.

Ankur Gulati: Yes, so when you're saying INR70 crores here, let's say for financial year '26, if I heard it right, how much of that 3x jump going to crystallize from existing top 10, top 15 customers? Because when I look at a client slide, there are very big labels out there and I guess you guys are really well wired into some of these names, given the advisory board you have. So is it a easy fix for you guys to just get incremental IT budget of some of these big names and that's how you're planning or is there any other thought process?

Mukesh Thumar: No, this will be new, as well as the existing ones, if they, I mean, anyways, the existing ones, we are already serving some or the other things from whatever gamut of services and products that we have. So that may increase a little bit, not exponentially, the exponential growth we are looking at is the new clients. So that phase in marketing strategy is already in place and I think we've got a good traction and good funnel to address.

Ankur Gulati: Okay, And if you can just confirm that out of 70, how much is already locked in?

Mukesh Thumar: So the 70 is the 2-year this thing. So current year's funnel, I mean

Vikram Kole: So if you look at our INR69 crores, which is the projected revenue for this year, out of the INR31 crores that we did this year, a significant portion, I think about INR26 crores is a recurring revenue that will happen this year, right.

So out of 69, then about INR40 odd crores that we are talking about, we've already secured close to about INR10 crores of order book in the start of, which is April, May, right? Similarly, there are, as I said, the pipeline typically, which is around INR50 to INR70 odd crores, which is 12 to 18 months kind of a closure cycle over the next 12 to 18 months that's what is the visibility., which of course is increasing every week because of our sales and marketing efforts.

But also the existing new, which is driving new business in existing accounts and a net new business as Mukesh mentioned, that should help us in terms of closing out on the year. So order book is what is heavily targeted across so that the earlier we close that business, the better we can have in the current year itself.

Ankur Gulati: And is it fair to assume that the 40, which you went over, let's say 26 last year, how much of that 40 will become recurring or will that be one time?

Mukesh Thumar: Yea, almost the same percentage. I think about 80% to 85%, almost 80% because even if I look at the accelerator business, our license typically mechanism is a yearly recurring revenue rather than just a onetime perpetual license, right? So almost 80% to 85% of our current year business will be a repeat business or a recurring business for the next year.

Ankur Gulati: And do you have to incur any more manpower costs for this or whatever the cost of BD teams are setting or delivery teams setting that is sufficient to achieve this?

Mukesh Thumar: No, I think the new services business certainly will need more consultants to join us to deliver that because, yes, from a sales perspective, certainly we will have not as sequential or equal growth from that perspective, but sales team member growth will be around 10% to 15%, not more than that, in terms of number of people.

But certainly to deliver the projects, we'll need new people. We're certainly also optimizing on our capabilities to deliver through automation and AI, which of course is kind of adding to the margin to our business.

Ankur Gulati: Okay, two last questions. I hope that's fine. Thank you. Give us more color on what does Japan JV is about and second, a lot of IPO money is still un-neutralized. I mean, one way to look at it is you took money from public and you're giving away at 130. So how do you see that money getting utilized?

Mukesh Thumar: So no, I think we have not touched the IPO money for doing the buyback. So it is from the reserves that we have, which is already stated as well. So this was to instill the confidence in the shareholders. But I mean, having said that, this year onwards, you will see utilizing the first six months we wanted to do the strategize -- our strategies correctly and then utilize the money, just not putting the money anywhere. So that's the reason why it was not utilized in the first half. But this year onwards, you will see going it in the right direction.

So Japan is a JV, 51% shareholding that is there. So we have a local partner, which we have partnered Japanese speaking American, who has been a veteran in this industry and where we will open doors with Japan. So we already have a working with Japanese client, but not in Japan. So that's why we wanted to touch our focus there.

And we have been working in the Hong Kong and Singapore market. So Hong Kong, we have been working there almost a decade there. There also, we are trying to have a local sales representation so that we can grow that business. There's a lot of potential if you have a local guy there. We do have resources there for delivery resources, but not the sales people. So we will be engaging that.

Ankur Gulati: From the IPO side, there was a prospectus mentioned he was trying to set up some 1200 square feet office, right? I'm assuming that's 120 seater, about eight. So is that in place now and that's still not there?

Mukesh Thumar: So that's what we are trying to, we already in July, we'll be taking in a small expansion space here and we are already looking at a larger space now, which we are getting it done. So that you will hear once the deal is through. So that expansion is already in place. So that before we were looking at renting it out. Now we're looking at capitalizing it. So you will see that, but that will not be from the IPO money anyways.

Ankur Gulati: Okay, all right, thanks a lot. I'll fall back in queue.

Moderator: Thank you. Next question comes from the line of Mohit Kumar, an Individual investor, so please go ahead.

Mohit Kumar: Yes, thank you so much for the opportunity. My question is what percentage of revenue in FY '25 came from repeat versus the new clients?

Vikram Kole: Yes, so I think so we were able to kind of maintain about 80% of that revenue was from the recurring business from last year, from FY '25, yes.

Mohit Kumar: Tell me how have the flagship products like Xsight, Playmity and XCENTIVE contributed to the revenue this year?

Vikram Kole: So it was currently 5% of the business this year.

Mohit Kumar: Okay. Can you highlight any marquee wins or long-term contracts secured in FY '25?

Vikram Kole: So we have, I mean, two or three of them which I can talk about. So one is the largest discount brokerage firm in India where we've secured stock operations for them. I mean, we are going to offer stock services. That's a 3-year confirmed contract for us with expected growth. Of course, there is a percentage growth every year which is already stated in the contract. But apart from that, we look at certain value-added services which will be extra revenue that will come from that.

The other is one of the largest credit ratings firm in India which is where we have signed a 3-year contract with them in terms of the existing work that we are also doing with them. And also, certainly if you understand, there's a rate card around the additional technologies that they're going kind of bring in over the next 3 years. And we are the preferred vendor to kind of offer those additional services at the rates defined in the contract. That again is a 3-year contract.

There's one more that I can talk about is with one of the largest depository firms servicing a commodity exchange in India. There again, we are doing a complete lift and shift of their legacy estate. And there is also a modernization program that will run for them over the next 3 years. And that is an expected couple of years of extension because for them, this actually is the bread and butter of the platform where they are doing all the electronic or the digital business, right. That will dovetail into, again, a data-led project for us which we are talking about cross-sell opportunity.

So these are multi-year, as of now, 3-year contracts. This year, we are talking about even how do we extend rather than 3 years to five-year contracts as well. Hope that answers your question.

Mohit Kumar: Yes, sir. And so, sir, what is the expected pipeline for large-value projects in H1 FY '26?

Vikram Kole: So as I said, as of now, the visibility is we are in discussions where we have a pipeline of close to about INR50 crores, and I can see another visibility of INR20 additional crores. So that's where I was talking about that INR50 crores to 70 crores of pipeline under management. Certainly, the hit ratio, deferment, put together, ultimately, you kind of look at what is the major thing that comes across, right? So June is a big month for us, being a Q1 for us as well as Q1 for some of our customers who need to roll out digital projects.

So yes, so that's what is the visibility that we currently have. But as I said, from a sales and marketing perspective, there are various activities that are happening on a regular basis wherein a team is specifically aligned in terms of how do we build the pipeline across these geographies that we spoke about, also the accelerators that we spoke about.

Mohit Kumar: Okay, thank you, sir. That's it from my side. If I have any more questions, I'll join back with you.

Vikram Kole: Thank you.

Moderator: Thank you. Next question comes from the line of Ruhi Mehta, an Individual Investor.

Ruhi Mehta: Okay, so with a net cash position of 45.36 crores, what are the plans for utilizing the strong cash reserve?

Mukesh Thumar: Yes, as we mentioned, Ruhi, in the previous question as well, so this year we already have laid down the structure for what expenses that we are in, which is mentioned in the objects as well. One would be for marketing and sales, which is what we are already doing. So in Japan and Hong Kong would be the markets that would be focusing to increase our sales and marketing spend.

The other areas would be to strengthen our development of our products and accelerators that we have invested in. And one of the, I mean, their beta versions or the first versions are already out and they're being used by a few clients. So it's a revenue generating product as well. So we would be announcing those to the next levels

Third would be business as usual expenses that could incur to get additional resources for delivery when the pipeline that is going to be materializing. So I think we are on the right track and probably we'll be, I mean, from this H2, from this H1, this year's H1, current year's H1, you would see that being deployed in the manner that we have already planned for.

Ruhi Mehta: Okay. One more question coming first. How is the leadership team structured to manage rapid international growth and technology evolution?

Sreeram Melarkode: Sorry, can you repeat the question again?

Ruhi Mehta: How is the leadership team structured to manage rapid international growth and technology evolution?

Sreeram Melarkode: So we have a structure that focuses on different, you know, profit and loss aspects. So one entire area is that on data and advanced analytics. The second section is on cyber security. Third one is, you know, digital transformation and application modernization. And the fourth, which is the traditional application development and maintenance aspect.

So now over the last, you know, six months, one year or so, we have actually improved, increased our, you know, leadership team to help individuals on each of these areas. That's currently our plan. They, each of these teams have also started building out their entire structures and accordingly, you know, the focus that has been put on, you know, the accelerators within each of these also have been, you know, kind of matured over a period of time.

Like the accelerator Xsight has been built on the data and advanced analytics side. So that team has actually expanded and has built the accelerator alongside, you know, the other service contracts that they service as well. Similarly, on the digital transformation and app modernization side, AI products are being built alongside, you know, the projects that we get as well.

Mukesh Thumar: So on the different side, if your question was to see what is the current leadership and how are they going to handle the growth side of this thing, I think current leadership is anyways, I mean, in their respective buckets, their strengths are in those areas. Like we have the delivery, we have the CTO, we have the delivery head for different technology deliveries. We have the sales head to look at the sales side. We have our operations head who knows his job.

We have the finance side. We have the person who looks at it in that manner. So all the aspects that we are looking at driving our growth side, we have the right person already there. So that leadership, I think, is currently poised with the current growth that we are looking at. Hope that answers your question, both the sides.

Ruhi Mehta: Thank you, that's all from my side.

Mukesh Thumar: Thank you.

Moderator: Next question comes from the line of Ankur Gulati with Genuity Capital, please go ahead.

Ankur Gulati: So how many, what is the team strength for delivery today and what is the revenue per delivery headcount you guys target?

Mukesh Thumar: Delivery side, hold on a second, Ankur. So Ankur, I think we should be 200 and how much is it? No, no, he's talking about the number of people. Number of people, it's 230.

Ankur Gulati: They're all in delivery only, right?

Mukesh Thumar: Only delivery, yes. So we will be 251 exactly as of date. 21 in Daiwa and rest in other areas of, I mean, so managing and everything.

Ankur Gulati: What is the billing per delivery headcount that you guys' target?

Mukesh Thumar: Billing per headcount is today from INR2 lakhs, revenue per employee, if you're looking at it then this 2.9 the delivery side.

Ankur Gulati: Sorry, is that annual?

Mukesh Thumar: That's now INR2.9 lakhs per annum, yes -- no per month. This is INR29 lakh per annum.

Ankur Gulati: Is that the optical I mean, let us say the same 250 guys can go up to INR40 lakh per annum?

Mukesh Thumar: There could be slight increase year-on-year, but it will not exponential. So the new contracts can be higher and newer rates, but the existing ones on a renewal base, they won't increase much.

Ankur Gulati: So this headcount has to grow linear with your revenue targets, right?

Sreeram: Not necessarily, with the increasing contribution from accelerators and products, the rate is on the headcount going up reduces.

Ankur Gulati: Again, what are you defining as accelerators, sorry?

Sreeram: So the products that we discussed about, be it Xsight, Playmity, Convex and the likes of them. With the coming from there, the straight dependence on increasing people for increasing revenue will reduce.

Ankur Gulati: And this entire 40 lakh incremental growth, INR40 crores incremental growth, which is for this financial year target, what percentage is coming from accelerators?

Mukesh Thumar: So 5% currently. This year is 5%. So we are trying to get to 28% within next two years, with the growth as well.

Ankur Gulati: So if I do reverse calculation, let's assume you end the year with INR70 crores, 28% is roughly INR20 crores. So for that INR20 crores, you don't envisage a lot of incremental headcount?

Sreeram: So the 27% to 30% growth is anticipated over a 2-year period. So there will be something in the interim for the coming year. It may not be as high as 30% directly in one year.

Ankur Gulati: And just to reconfirm, you gave us expiration or guidance for FY26 is INR69 crores, is that correct?

Management: Yes, that's right.

Ankur Gulati: All right. And when you guys went public, was there a pre-IPO round or you diluted whatever 45% that was only in IPO?

Mukesh Thumar: So there was a pre-IPO for, I said we did a small fee to distribute to our employees.

Ankur Gulati: Okay. All the non-employee public shareholders came in IPO 45% odd?

Mukesh Thumar: Yes.

Ankur Gulati: Okay. When you were discussing some of the bigger clients which you have won this time. So once your accelerators are placed, does that open up the bigger tech budgets of these clients? I mean, one of the brokerages you mentioned or the credit rating or the depository or you will stick with whatever your product suit is?

Vikram Kole: See, I mean, it's a mixed bag because some of our accelerators are completely adding a different value for our customers' business. So like Exide, the one that Sree mentioned it predominantly allows an organization to ensure that data and reports across multitude of users, internal and external, that is entirely streamlined which is one of the calls that most of the regulators are also talking from a BFSI perspective.

Whereas to deliver that, the services element is also to bring around a complete data strategy around analytics and stuff like that. So where a lot of those services are also would be required across. So it's kind of combination of services plus the product that value adds to the customer. So if that answers your question.

Moderator: Thank you. Next question comes on the line of Vipul Makwana with Kuber Capital Advisors, please go ahead.

Vipul Makwana: Yes. Hi, Mukesh bhai congratulations on a good set of numbers and great to see a team being built here at Paramatrix and the growth ahead. Congratulations for that, first of all. My question was regarding the DRONA product what you have, right?

Mukesh Thumar: Yes.

Vipul Makwana: So I wanted to more first of understand what is that because that platform kind of education one has long tail wings around it. So could you elaborate what it is?

Mukesh Thumar: Yes, sure. So before that, I'm just to in the interest of everyone also, DRONA is a platform which was built out of our own needs of training and development of our internal resources. And since it has been time tested for over more than two or one and a half decades right now, it's a very robust platform, which we build on open source technologies.

And, I mean, it has been used internally as well as externally by someone, but we have not monetized it by offering it as a product so far. So because it is a Edtech and we didn't want to diversify into an Edtech area because we are more predominantly with the BFSI sector. Now, if you want to know a little more about DRONA, I think, Sree, you want to just touch upon a few points on DRONA, what is?

Sreeram: Well, so it's also, it's a platform essentially which helps multiple trainers build their own programs and reach out to multiple students. So there will be a many to many kind of relationship depending upon the kind package that involves different training needs. And the students then accordingly will join those respective groups to which they can see both online as well as offline videos and other. So it does work even for having some of our educational internal live sessions as well.

Vipul Makwana: Okay, well noted. And on that note, are we building any revenue currently in this, P&L?

Mukesh Thumar: No, DRONA, we have not put as a part of the Accelerators also. We are not even developing as of that. I mean, it's just we are using it, what it is as an internal tool for training and development for internally. So we have not, I mean, because we don't want to diversify into too many areas like Edtech would be a total tangent from here. So we are not monetizing it.

Vipul Makwana: Right. Okay. And I'm telling you to this IT division. So out of this March 29, INR28.61 crores of sales for the full year, how much of it is product related and service related, if I may ask?

Sreeram: 5% of it is product related. You could say approximately INR1.34 crores and the rest is from services.

Vipul Makwana: Okay. And regarding the guidance, what we've been around INR70 crores roughly, if I could, I couldn't hear that properly, how are you putting it across the product and the service segment from FY26 percentage?

Sreeram: In the range of 10%.

Mukesh Thumar: So in the projection, over two years, we want to -- we have done, we have to achieve 28%. So that is INR2.28 crores over two years. So this year would be how much we said around 10%. 10% or 69?

Vipul Makwana: Okay. And my last question, is it fair to assume that we have a run rate of around INR2.5 crores -- INR2.5 crores of monthly billing in this case till last year and then now we can expect the bump up?

Mukesh Thumar: Yes, it is. You're right.

Vipul Makwana: And over the years, I've seen that our sales have undoubtedly been in a steady range and the profit margins have gradually increased over time. So what is the vision, lastly of the company going ahead and how do you want to take this ahead from here. Over a 3 year, 5 year old period, I'm not looking for any short term thing, but where do we look as Paramatrix going ahead?

Mukesh Thumar: Sure. So the product business gives us a lot of leeway with the margins. So the product business, we develop once and then the cost side is not exponential. So the service delivery, you need resources, which is, I mean, the cost versus, I mean, cost of markup is little known there. Though it is a consistent business, but then it is the margins are lesser than the products. So as we increase the product side, we will have the question on the margins side.

Vikram Kole: And as I mentioned in the earlier, for the response to the earlier question as well because we are signing up multi-year services contract. For us, it's kind of a factory model basis on which we optimize cost over a period of time because you're able to rotate out resources from the perspective of after you gain experience and as you're still able to deliver up to customer satisfactions by not having a complete experienced consultants team.

And eventually you kind of were able to manage it with a much middle level or a junior level team as well with, so that helps in terms of our multi-year engagements to improve the profitability as well.

Mukesh Thumar: Thank you Vipul and anything else?

Vipul Makwana: Okay. No. Thank you so much and congratulations for the buyback as well?

Mukesh Thumar: Thank you, hopefully that gets succeeded and the intention was to…

Vipul Makwana: Absolutely, like very few SMEs do that, it's a bold step from the company.

Mukesh Thumar: So we are the first one in NSE.

Vipul Makwana: Yes, yes, that's right, congratulations.

Mukesh Thumar: Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question and answer session. I would now like to hand the conference over to Sakhi Panjiyara for closing comments.

Sakhi Panjiyara: Thank you everyone for joining the conference call of Paramatrix Technologies Limited. If you have any queries, you can write to us at research@kirinadvisors.com. Once again, thank you for joining the conference call. Thank you once again, have a good day.

Moderator: Thank you. On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us, you may now disconnect your lines.