



SLONE INFOSYSTEMS LIMITED

(formerly known as "Slone Infosystems Private Limited")

CIN: U72900MH2022PLC396387

Date: 10th June, 2024

To

National Stock Exchange of India

Listing Compliance Department,
Exchange Plaza, 5th Floor,
Plot No. C/1, Block-G, Bandra Kurla Complex,
Bandra (E), Mumbai-400051

Company Symbol: SLONE; ISIN: INE0SMA01017

SUB: Submission of H2 FY24 Earnings Call Transcript

Dear Madam/Sir(s),

In continuation to our letter dated 04th June, 2024 related to the Earnings Conference call and pursuant to Regulations 30 read with Para A of Part A of Schedule III of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, please find enclosed the Transcript of the H2 FY24 Earning Conference Call held on Friday 07th June, 2024 at 12:30 P.M (IST).

The said Transcript is also available on the website of the Company at:
www.sloneinfosystems.com

Kindly take the above information on records.

Thanking you,

Yours faithfully,

For Slone Infosystems Limited

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Slone Infosystems Limited

“Slone Infosystems Limited
H2 FY '24 Earnings Conference Call”

June 07, 2024



MANAGEMENT: **MR. RAJESH KHANNA – MANAGING DIRECTOR AND
CHAIRMAN – SLONE INFOSYSTEMS LIMITED
MR. MOHIT KHANNA – DIRECTOR AND CHIEF
FINANCIAL OFFICER – SLONE INFOSYSTEMS LIMITED
MR. AMBAR KASLIWAL – CHARTERED ACCOUNTANT –
SLONE INFOSYSTEMS LIMITED**

MODERATOR: **MS. PREETI BHARADWAJ – KIRIN ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to the H2 FY '24 Earnings Conference Call of Slone Infosystems Limited, 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Preeti Bharadwaj from Kirin Advisors. Thank you, and over to you, Ms. Bharadwaj.

Preeti Bharadwaj: Good afternoon, everyone. Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Slone Infosystems Limited. From the management team, we have Mr. Rajesh Khanna, MD and Chairman, Mr. Mohit Khanna, Director and CFO, Mr. Ambar Kasliwal, the Chartered Accountant. Now, I hand over the call to Mr. Rajesh Khanna, MD and Chairman. Over to you, sir.

Rajesh Khanna: Hello. Hello, all. Good afternoon, ladies and gentlemen. It is my pleasure to extend a warm and hearty welcome to each one of you to the first conference call of Slone Infosystems Limited. Before we dive into the financial of our company, let us begin with an overview. With over 24 years of experience, Slone Infosystems Limited is a prominent IT hardware solutions company based in India.

We specialize in selling and renting IT equipments and providing comprehensive IT service solutions to business across the country, from high-performance laptops and versatile desktops to server and advanced network switches. We offer a diverse range of top-tier products from leading brands. Our custom-made solutions address the unique requirements of each client, providing flexibility and advantage to maximum productivity while staying within the budget.

Commitment to innovation and customer satisfaction, we have proudly served 50 happy clients, establishing ourselves as a trusted partner for cutting-edge IT solutions. Our services encompass a cutting-edge selection of hardware options from industry leaders like HP, Dell, Lenovo, and others, along with personalized IT solutions tailored to meet specific business requirements. We specialize in empowering business upgrades by driving growth beyond mere product offerings.

Our streamlined IT services include curated IT products, laptop rentals and maintenance services, seamless server installation, and reliable server cache to optimize business operations for success. With a focus on proactive support, building reliable partnerships and agile adaptability, we are trustworthy allies to our clients, ensuring their IT needs are met swiftly and effectively for sustained success. Our product portfolio includes high-performance desktops and laptops for sale or rent, a variety of printers like Inject, Laser, Dot-matrix, and server solutions like Mount, Tower, Blade, optimized for data centers.

We also offer CCTV security hardware, recording devices, and a range of IT peripherals such as network bridges, routers, cables and storage devices, ensuring businesses have efficient

operation tools. In half a year FY 2024, we added installation services as a new vertical. We have seen a notable increase in our new client acquisition, which has driven our revenue.

Recently, we have received an order of INR11.81 crores for the supply of 5,000 Lenovo V14 laptops from three esteemed Mumbai-based companies, Silicon Rental Solutions Limited, Beehive Tech Solutions Private Limited and Comprint Tech Solutions India Private Limited. This significant achievement highlights the deep trust our clients have in us and solidifies our standing as a leader in the IT hardware solution market. Beyond boosting our revenue, this order underscores our expertise in efficiently handling large-scale projects.

We are dedicated to fulfilling our clients' diverse needs and are enthusiastic about the growth opportunity this success presents. Looking ahead, our company plans to expand our customer base and focus on emerging technology, while concentrating on building relationships with our current customers and finding new ones to grow our market share. At the same time, we aim to stay updated on the latest technologies, trends and improve our product to offer the best solution to our clients.

With a commitment to exceeding client expectations, ensure that we remain a trusted partner in navigating the complexities of the digital age, driving our ongoing success, and influence in the IT industry. Regarding our financial performance, now let's take a closer look at the company's financial performance. Our company has demonstrated strong financial performance in the H2 FY'24 with a year-on-year growth across key metrics.

Total income surged to INR40.63 crores, making a remarkable increase of 183.15 percentage. The company also witnessed substantial growth in EBITDA, which reached INR3.48 crores, reflecting the year-on-year growth of 283.14 percentage. This growth is translated into an enhanced EBITDA margin of 8.57%, making an increase of 230 basis points over the previous year.

Profit after tax, PAT stood at INR2.06 crores, representing a substantial year-on-year growth of 573.27%, with a PAT margin of 5.07%, making a notable improvement of 296 basis points. Earnings per share, EPS rose to INR8.12 crores, reflecting a remarkable year-on-year growth of 389.16%.

For the full year FY'24, the company's continued impressive performance with a total increasing income reaching INR61.07 crores, making a significant year-on-year growth of 98.43%. EBITDA rose to INR6.86 crores, reflecting a substantial year-on-year growth of 265.53 percentage. The company also achieved an improved EBITDA margin of 11.23 percentage, making an increase of 513 basis points.

Over the previous year, PAT for FY'24 stood at INR4.19 crores, representing a substantial year-on-year growth of 460.80 percentage, with a PAT margin of 6.86%, indicating an improvement of 443 basis points. EPS increased to INR16.05, reflecting a significant year-on-year growth of 307.41 percentage.

In conclusion, with a commitment of innovation, customer satisfaction and proactive support, we have established ourselves as a trusted partner for cutting edge IT solutions. As we embark

on our journey forward, we remain dedicated to expanding our customer base, embracing emerging technologies and enhancing our offerings to provide unparalleled value to our clients. Before we proceed to the interactive section, I would like to extend heartfelt appreciation to all our participants.

Now we request to open the floor for questions and answers. Thank you once again for your presence and continued support. Thank you.

- Moderator:** We have a question from the line of Chirag Jain from Yogya Capital. Please go ahead.
- Chirag Jain:** Hi, sir. Good afternoon and thanks for the opportunity. Sir, I have a couple of questions on our business. So I was trying to figure out how much of our revenue is from selling IT equipment and how much is from the renting parts.
- Rajesh Khanna:** First, for the year ended 31st March 2024, trading business is INR32.86 crores.
- Chirag Jain:** Okay.
- Rajesh Khanna:** INR32.86 crores for the half year, right? And from the revenue is INR5.45 crores. And from rental is INR213 crores.
- Chirag Jain:** For the FY'24?
- Rajesh Khanna:** No, not for the FY. This is the half year in FY'24.
- Chirag Jain:** Okay, sir. I wanted to figure for FY'24 because I wanted to reconcile the percentage. If you could give in percentage for the FY'24, it would be much better or in absolute number also work.
- Rajesh Khanna:** That is INR49.65 crores.
- Chirag Jain:** From selling?
- Rajesh Khanna:** From selling.
- Chirag Jain:** Okay.
- Rajesh Khanna:** And from revenue from installation and IT consulting, that is INR783.44 crores.
- Ambar Kasliwal:** Rajeshji, let me continue. Let me reply to this. Mr. Jain, hi. This is CA Ambar Kasliwal. So in reference to your question, in terms of percentage, we're talking in terms of percentage for the entire financial year, ending March '24. The percentage of sale of laptops and all other ancillary items is 81.81% of the total sales, which was 88% in March '23. So it has reduced to 81.81%. And revenue from installation services, 12.91%. And revenue from rental services, 5.28% of the total revenue. Yes, I'm talking about March '24.
- Chirag Jain:** Okay. So we have three segments. One is selling, one is installation, and third is renting.

- Ambar Kasliwal:** Correct. One is selling, second is installation, IT consulting and support services, and third is rental services.
- Chirag Jain:** Okay. So what services do we provide apart from installation? I know that installation involves laptops, but we would be also needing some data centers or what kind of services do we provide?
- Ambar Kasliwal:** Exactly, data centers, firewall installation, server installation, cloud computing and everything.
- Chirag Jain:** Okay. So next question comes on the business part. So what makes us different from the other players to compete in this market? Because there are thousands of sellers who are there in the market to just compete on the price and get the order on the minimum margins. So what makes us different from them?
- Ambar Kasliwal:** The best part of Slone Infosystems, okay, they have been in the industry since last 25-odd years. The connects which they have other competitors may not be having those connects. Secondly, what they are selling presently is to the corporate at higher margins as compared to the competitors. For example, maybe competitors are selling it 2%-3%, but they are selling it at least 5%-6%. So that is the USP for them.
- Rajesh Khanna:** And our customer base has increased because of that only and we have maintained our customers. Our customers have not gone from us whenever we provide services and all. They have increased only, they have not decreased.
- Chirag Jain:** Okay. So how much would be revenue from our corporates and how much would be from the other smaller things?
- Ambar Kasliwal:** I guess 90%, 90%, in fact 95% revenue are from corporates. It's hardly 5%. See, they are not doing B2C sales. They are only doing B2B sales.
- Chirag Jain:** So, okay. Got that. So you define B2B sale as a corporate sale?
- Ambar Kasliwal:** Yes. Exactly.
- Chirag Jain:** Okay. Got it. Also on the renting part. So what makes us different on the renting part? Because why are we entering into the rent part? I couldn't get that.
- Ambar Kasliwal:** See, the reason for going into rental services is because some of the existing clients who prefer... See, we don't want to break the relations with them. If we have been selling them since last -- If we have the relation with them since last 20 years and now they are saying that sir, capex is increasing a lot. So give us our option that if it is happening in other rentals, then why aren't you giving on rentals? So, instead of selling the products, we are giving them on rent because important is that we need to have continuity of the client.
- Chirag Jain:** So I wanted to understand more on that. So what's the philosophy behind that? So, how much do we charge? How do we recover our cost in terms of the installation cost that we have or the equipment that we give them? What's the damage percentage? So, give some color on that.

Rajesh Khanna: No. Damage...

Chirag Jain: Yes. Damage...

Rajesh Khanna: Yes. Damage... Damage and everything, most of the client pays us. And all my -- 90% of my equipment are under warranty. And if something is without warranty, the client pays for that.

Chirag Jain: Okay. Got on the first thought.

Ambar Kasliwal: Now, second part. Now, second part. See, the breakeven is approximately 25 to 26 months. That's the breakeven for recovery of the cost plus they charge a bit of -- They charge maybe a 25%-30% markup on account of services, installation service and all. So entire cost is recovered in 26-27 months. And the machines can be used maybe for next 6 to 7 years. So, basically, the life of the machine is 7 years. But breakeven happens in 26 months. So, anything above 26 months is a pure profit for us.

Chirag Jain: Got it. Got it. So, I assume the margins of the rental part would be much higher side compared to the selling and...

Ambar Kasliwal: Yes. Definitely. Margins are much higher. But yes, -- they have recently started this rental services. And obviously the finance plays a very important role because this is a capex heavy model.

Rajesh Khanna: I know.

Ambar Kasliwal: Yes. So they are going slow on this. But certainly, this is also one of the models which will give them a good revenue.

Chirag Jain: Okay. So, as we are on the margins part, earlier you mentioned that the selling part to corporates has 12% margins. Currently we have that. But last year, there was a dip to around 8%. So, how do we see it forward? What was the reason behind that in the previous year dip? And how do we see the way forward?

Ambar Kasliwal: You are talking about the PAT margins?

Chirag Jain: EBITDA margins?

Ambar Kasliwal: EBITDA margins, March 24, it was 10%. And earlier, it was 4%.

Chirag Jain: So, why was that low? Because you mentioned that...

Ambar Kasliwal: They were low because as I told you, okay, in March 23 -- Now, let's compare March 23 and March 24 only. Okay. In March 23, 88% was from sale of laptops and products. And 82% on a round of basis in March 24. But in the service part, the revenue from installation, which is approximately 80% to 90% margins. In March 23, there was nil revenue from these services. And in March 24, it is 13%. So this has contributed majorly on increasing the operating profit margins.

- Chirag Jain:** Okay. Understood. Major driver would be installation part compared to the selling and...
- Ambar Kasliwal:** Exactly. See, service industry, services also attract higher margins. Sometimes margins are as high as 100%. And sometimes, it may be 40%-50%. So we take on an average, it is 50%-60%-70% margins from services. Trading margins you can't have more than 7%-8% trading margins. That's for sure. Some have 10%-12%. That's a different story. But on an average, you can't have more than 7%-8% trading margins.
- Chirag Jain:** Right. Got it. So, just to confirm one thing. The new vertical which was added by the company is the installation part.
- Management:** That's right.
- Chirag Jain:** Okay. Also, the recent order of approximately 12 crores that we have received. So, I noticed one thing that all three orders have the same configuration of laptop. So, how is that possible? So, I couldn't get on that.
- Rajesh Khanna:** No, no. That is because that order is of total 5,000 units. And every... I mean, two companies, Beehive and Comprehend. And Silicon, has placed an order for 3,000 units. And Beehive is 500. And Comprehend is 1,500. So that's the reason. Beehive and Comprehend is almost, we can say, they are sister concerns.
- Chirag Jain:** So, what do they do? Do they rent their laptops?
- Rajesh Khanna:** They further sell it out.
- Chirag Jain:** Okay. So, they buy from us and they further sell it.
- Rajesh Khanna:** Yes.
- Chirag Jain:** So, we would be providing lower margins for them?
- Rajesh Khanna:** Yes. These are not lower margins. You can say margins are good. But not compared to renting and installation margins like that.
- Chirag Jain:** Okay. Understood. So, they are the major revenue driver, not the EBITDA margin driver?
- Ambar Kasliwal:** Yes. Okay. EBITDA margin driver will always be the services.
- Chirag Jain:** Got it. Also on the receivable side for the March 2024 ending we have high INR12 crores of approximately receivable. So give some color on that because that's significant for us?
- Rajesh Khanna:** Because we have done tremendous -- the business if you see my business was 20 Cr for the first 6 months the next 6 months, it doubled and when you grow you have to give little credit for that. That's the reason my debtors have increased.

- Ambar Kasliwal:** See they had a major sale. They had a major portion of sales in last quarter. And that last quarter if you talk about today so most of the -- I suppose 90% of these INR12 crores have been received.
- Chirag Jain:** Okay. Understood. So what I was trying to understand that what's the receivable cycle -- receivable day cycle for us. So how much credit do we provide to our debtors?
- Rajesh Khanna:** Normally, it's around 40 days to 45 days.
- Chirag Jain:** Okay. So, I could -- because I have generally seen that few players provided, but it's limited to 7 days to 10 days.
- Rajesh Khanna:** No.
- Chirag Jain:** And they limit the margins. So they play on the margins and they just try to rotate the cycles much faster and generate more revenue and generate more margins in the absolute terms.
- Rajesh Khanna:** No, [inaudible 20:41] around 40 days to 45 days.
- Chirag Jain:** So we won't be trying to do that?
- Rajesh Khanna:** We'll try for that, but they are all my known customers. So that's the reason. We have a very good relation with them and they always give me some of the other references. So we have documented something or the other like that.
- Ambar Kasliwal:** And Mr. Jain we need to understand one thing. There are a couple of permutation combinations which every person has. Now it is up to the promoter or the company whether he wants to do the trading turnover with lower margins or quality turnover with higher margins. So here the plus point is there are hardly any bad debts in the last 20 years to 25 years. There are hardly any bad debts and even if they give a credit period of 45 days they are sure that payment is getting released in time and secondly the margins which they are getting is higher as compared to the margins which we get on the turnover side.
- Chirag Jain:** Okay. Understood. So what I was not trying to discourage from you. So I wasn't trying to discourage you to get the business from the old customers.
- Ambar Kasliwal:** I understand. I really appreciate that.
- Chirag Jain:** I was thinking just from the longer perspective. As we add new customers, so why don't we just give them some lower margin or get the bill discounted then give some lower margins, but rotate the cycle much faster and get the discount in the trade payables also. So it would be a much faster cycle rotation as seen with other players also.
- Ambar Kasliwal:** See we are not averse to this, but as of now since they have been getting the opportunity, good margins, good top line growth with higher margins they are going with it. Going forward, if they get an opportunity why not certainly the company will go for it. It's not that turnover is getting more and margin is getting less. So I have rejected it. As of now they have not tapped that market, but going forward if they get an opportunity, certainly why not?

- Chirag Jain:** So how much is the minimum margin that we target to?
- Ambar Kasliwal:** 5% to 6%.
- Chirag Jain:** Okay. Got it. Next on the stock part inventory part. So it was mentioned that the order needs to be delivered in 7 days. So do we keep the inventory in hand or it is the supplies that we have that we receive and just deliver it?
- Rajesh Khanna:** No, we have to place an order for Lenovo and then they supply and then we have to supply to them. Such a huge quantity cannot be secured and just kept it.
- Chirag Jain:** Okay. So we don't keep any inventory with us?
- Rajesh Khanna:** No we keep inventory, but not the same model and for such a big quantity. We keep inventory.
- Chirag Jain:** So how much would that amount to on an average in rupees?
- Rajesh Khanna:** It will be roughly around INR2 crores to INR2.5 crores.
- Chirag Jain:** Okay. Got it. Next on the client retention part. So as we mentioned we haven't lost any clients. So I assume it is 100%.
- Rajesh Khanna:** Yes.
- Chirag Jain:** Okay. I have two bookkeeping questions from the RHP part. We had some loan given to a director's company, a rhodium developer of around INR1 crore. So has that been received?
- Mohit Khanna:** Yes. It's already been cleared. Hardly anything would be left that also would be cleared within a month or so.
- Chirag Jain:** Okay. So what was the purpose behind giving that loan?
- Ambar Kasliwal:** I'll give you. Mr. Jain this loan was given by the proprietorship concern SAM Computers. When the company -- when this that proprietorship concern was not converting to a private account. Now rhodium developers in rhodium developers one of the directors one of the directors also the director in that company the shareholder in that company.
- So, when it was a proprietorship concern so they gave a loan from SAM Computers to rhodium developers and subsequently that proprietorship concern was converted into a private limited company. So this loan amount was also shifted to private limited company. Once private limited company was formed, so rhodium developers started repaying that loan.
- As of now I guess 80% loan has been repaid hardly 20% left which will be closed in the next one and half month.
- Chirag Jain:** Also my next question on the conversion part from proprietorship to conversion to private company. So the promoter was issued share at INR10 in March 2023 and we have issued

equity shares to public at INR80. So I was trying to figure out what has led to the [inaudible 25:50]

Ambar Kasliwal: I'll tell you. Initially when the shares were -- when the proprietorship was converted into private limited company. So, obviously as per income tax act also, you can't give cash. Correct? When it is converted into private limited company. So, in that case, the shares were issued at face value. So, whatever the capital was in the private, in the proprietorship concern, the shares were issued at face value, equivalent to that capital amount.

Now, if you say it was issued at INR10 and later on, it was issued at 72 public. So, just to add in July or August 2023 the promoters got additional shares, which was, they had a private placement for additional shares to the tune of INR6 crores at INR80 per share. So, in that case, so INR80, they got the shares at INR80 and issued to public at INR78.

Chirag Jain: Okay. Understood. Also, next question was on the fund raise that we have.

Moderator: I would request you to kindly rejoin the queue for follow-up questions. There are others who are waiting. Thank you, sir. We'll take the next question from the line of Mahesh Sheth an individual investor. Please go ahead.

Mahesh Sheth: Good afternoon, sir. First of all, congratulations for the good set of numbers.

Rajesh Khanna: Thank you. Thank you, sir.

Mahesh Sheth: Yes. And I wanted to ask some questions. The first was, how does the company engage and interact with its customer base to make sure that there is strong bond and sustainable relationship?

Rajesh Khanna: We have one-to-one relationship with our customers. We try to visit and just have a very good relationship with them.

Ambar Kasliwal: And, sir, just to reflect what Rajesh ji said, as I told earlier, attrition rate in terms of customer base is nearly nil. So this shows how close the relationship is of the promoters with those clients.

Mahesh Sheth: Okay. That's great. And my next question was, there is huge competition from unorganized players or unled players. So how do you stand out against this competition?

Rajesh Khanna: That's okay. Every business has a competition. That is, you can say is a plus point for us. It's not a -- Because unorganized sector, I don't know how much time they survive. When we have a good relation with our customers, so we always have a bridge with them. And as we told you in our previous also that in our previous workshop, we have a clear -- That is a retention from a customer. None of our customers has gone from us. So we are -- which other player comes in?

Mohit Khanna: Being in the market since last 25 years, so that itself is a prestige. And also, we are a listed company now. So the customers also know that we are there in the market since last 25 years.

They have been giving us constant support, service and whatever they need, we are always there for them.

Rajesh Khanna: Service is the main part.

Mahesh Sheth: Okay, sir. So you mean that customer retention and being a listed player is one of the good things.

Rajesh Khanna: Yes.

Mahesh Sheth: Okay, sir. I understand that. And sir, I just wanted to know, are there any specific strategies to client addition in the upcoming time?

Mohit Khanna: Yes, sir. Definitely, there are many strategies that we are already working on. But that's a bit confidential information for the company. Like I can just say that we are in a closure with two very reputed companies that will be announced soon. Okay.

Mahesh Sheth: Okay. So you cannot disclose but there are strategies, right?

Rajesh Khanna: Yes, sir. Sorry, we cannot disclose that. Because it's still not signed. That's the reason we cannot disclose just now.

Mahesh Sheth: Okay. So I got that. Okay. Thank you for answering the question, sir.

Moderator: Thank you. We'll take the next question from the line of Hritika Jain an individual investor. Please go ahead.

Hritika Jain: Hello. Good afternoon, sir. First of all, congratulations on your good set of numbers. So, sir, my question is regarding your team size and composition. So I would like to ask how many engineers are associated with and how many are on roll and contract basis?

Mohit Khanna: So, ma'am, we have mostly on salary basis engineers only. So we have around seven to eight engineers who are well qualified and who know their job like to do installations and everything. And if needed then only we will be taking additional services from the engineer. Otherwise, we have our own set of engineers for us.

Hritika Jain: Okay. And what is the average salary of your engineers?

Mohit Khanna: Around 35 to 40.

Hritika Jain: 35 to 40. Okay. And how about your sales team?

Rajesh Khanna: We have around three to four people who are in the sales team who visit clients. Then of course, I or Mohit goes to see the client to have a personal rapport with the client.

Mohit Khanna: So as we also mentioned earlier that we have one-to-one relations with the promoters and promoters of the company. So they are well known to us also as well since it's a whole relation. So we go to them personally. We visit.

- Hritika Jain:** Okay, sir. And what is your iteration rate, sir?
- Mohit Khanna:** Hello. Sorry.
- Hritika Jain:** Iteration rate means how long your employees stay.
- Mohit Khanna:** Till date, it's hardly 5% to 10% of the employees who must have left us because of their personal reasons or some of them must have moved out of Mumbai or something. But till now, our employees are like a family. We always treat them like a family only. They are there since almost 8 to 10 years.
- Hritika Jain:** Okay. So majorly, we can say you retain all your employees. Try to retain.
- Mohit Khanna:** Yes.
- Hritika Jain:** Okay. Thank you so much, sir. That's all from my side. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Aniruddh Singh from Singh & Associates. Please go ahead.
- Aniruddh Singh:** Thank you for the opportunity and congratulations for the good performance for this year.
- Rajesh Khanna:** Thank you.
- Aniruddh Singh:** So my first question is like, so does the company provide any after-sales service? Like basically, is it included in your purchase agreement or do you provide as a separate AMC which is chargeable?
- Rajesh Khanna:** No. Normally we want to supply, [33:49]
- Mohit Khanna:** We also provide it as a separate service. Like if the customer already has some existing laptops, desktops or servers, so we also provide the AMC. And we also, sometimes we also include it in our purchase agreement as well. So that like after-sales is the most important thing.
- Aniruddh Singh:** Okay. So can you please provide me what is the percentage of your after-sales cost?
- Management:** Can you repeat the question, please?
- Moderator:** Mr. Singh, can you use your handset, please? There is a disturbance.
- Aniruddh Singh:** Yes. So great. So can you please provide me what is the percentage your sales, after-sales cost as a, you know, percentage of total sales?
- Management:** Percentage of total sales?
- Aniruddh Singh:** Yes.

- Rajesh Khanna:** That we already, I think we have told you that is around 81% of my total sales, sales and trading. Then rest all is installation and all. Installation, IT support and revenue for rental business.
- Ambar Kasliwal:** No, Mr. Singh. Hi. Mr. Singh. Hi. This is CA Ambar Kasliwal. So in reference to the question wherein you are asking about the percentage of this after-sales service as percentage of total sales. So see, after-sales service contribute a minimal amount, maybe 3%, 4% or more than that.
- Aniruddh Singh:** Okay. Yes. So, like, what is your working capital cycle?
- Ambar Kasliwal:** The working capital, they are, that's approximately INR15-INR16 crores, which they need on a normal basis for maintaining the working capital. INR15 crores on an average.
- Aniruddh Singh:** Okay. So, do you have any plan of increasing your working capital?
- Ambar Kasliwal:** See, as the sales increases, obviously, debtors are also going to increase. Inventories, if they go in, if they go in for a revenue model for a high for the lease rental, assets will increase. Other assets will also increase. So, the working capital cycle is going to increase with every year. If I am talking about INR15, INR16 crores working capital as of now, I am talking about March 2024, March 25. Going forward, definitely, it is going to increase.
- Aniruddh Singh:** Okay. Thank you for answering my questions.
- Ambar Kasliwal:** Thank you. Reason being, just to add, just to add, sales, for sales, you provide a credit of, say, 45 days, but purchase, you don't get a major credit. Maybe you get a credit line, but if I talk about a credit period, then maybe 7-10 days is the credit period.
- Rajesh Khanna:** But we get a good rate for that.
- Ambar Kasliwal:** Exactly.
- Moderator:** Thank you, sir. We'll take the next question from the line of Romil Gala from K&S Analyst. Please go ahead.
- Romil Gala:** So, my question is, what are your revenues and the profitability guidance for the next 3-5 years?
- Ambar Kasliwal:** Sir, as already mentioned, the last call, which we had just before the IPO, on a conservative basis, yes, the revenue should go by 30%-40% at least, year-on-year, at least for the next 3 years. And PAT margins, PAT margins will be higher. What will be the same? I can't say as of now. But yes, every year, PAT margins are going to increase.
- Romil Gala:** Okay. So, sir, in what percentage, can you just brief that?
- Ambar Kasliwal:** Sir, it's a tricky question, difficult to answer. But yes, it will be a good increase. 30%-40% offline and maybe a good increase in terms of profitability, the profit margin.

- Romil Gala:** Okay. So, sir, one more slide related to post repayment of debt. How much addition we can expect in bottom-line improving any net profit margin?
- Ambar Kasliwal:** Sir, if you talk about only from the repayment of debt, so I guess debt was for INR3 crores. And you can say INR35-INR40 lakhs will be the addition in the bottom-line in terms of savings and interest cost.
- Romil Gala:** Okay. Thank you, sir.
- Moderator:** Thank you. We'll take the next question from the line of Priya Gupta, an Individual Investor. Please go ahead.
- Priya Gupta:** So, my question is, we have seen your hosting company have changes. So, how do you ensure the smooth supply going forward?
- Rajesh Khanna:** What?
- Priya Gupta:** Yes, I'll repeat my question. We have seen your sourcing companies have changes.
- Rajesh Khanna:** Company have changes?
- Priya Gupta:** Yes, sourcing companies. So, how do you ensure the smooth supply going forward?
- Ambar Kasliwal:** Sourcing companies as in like, can you give an example, ma'am? So, I'm actually sorry, not very clear about the question. What do you mean by sourcing company?
- Moderator:** Sir, the line got disconnected for Priya ma'am. We'll take the question from the line of Mansi Verma from Gajanan Capital. Please go ahead.
- Mansi Verma:** The question of mine was, may I know when you enter into an institutional client? Your business agreement is of one time or periodic or for let's say 3 years to 5 years. I mean, what is the time frame?
- Mohit Khanna:** Basically, all our business agreements are for 3 years and above. And it's not a one-time contract. Till now, all the clients who have taken services or any services from us have always renewed it. They have never stopped any agreement, like even after 3 years to contract. You can say we have a long-term contract only.
- Mansi Verma:** And second question was, when there is any online or offline sale or discount, let's say offered by the brands like Chroma, Reliance Trade or many more. So, how do you distinguish your company with them?
- Mohit Khanna:** No, ma'am. So, like all the online brands such as Reliance, Chroma and they are basically like into B2C and like the discount that they offer, the pricing that they give, we have much lower prices than them. So, because we directly procure from the OEM. And we have already a partner with them. So, we have much less sizing than they offer.
- Mansi Verma:** That's great to know.

- Mohit Khanna:** Yes.
- Mansi Verma:** Yes. Thank you for answering and all the best for future.
- Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Ms. Preeti Bharadwaj for closing comments. Over to you, ma'am.
- Preeti Bharadwaj:** Thank you everyone for joining the conference call of Slone Infosystems Limited. If you have any queries, you can write us at research@kirinadvisor.com. Once again, thank you everyone for joining the conference call.
- Ambar Kasliwal:** Thank you. Preeti.
- Moderator:** Thank you, members of the management. Ladies and gentlemen, on behalf of Kirin Advisors, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.