

**June 06, 2024**

The Manager Corporate Relationship Department <b>BSE Limited</b> Floor 25, Phiroze Jeejeebhoy Tower Dalal Street, Mumbai-400001	The Manager – Listing Department <b>National Stock Exchange of India Limited</b> Exchange Plaza, 5 <sup>th</sup> Floor Plot No. C/1, G Block, Bandra Kurla Complex, Bandra(E), Mumbai-400051
BSE Scrip Code: <b>532341</b>	NSE Symbol: <b>IZMO</b>

Dear Sir/Madam,

**Subject: Post Earnings Call - Submission of Transcript**

This is further to our letters dated May 29, 2024, June 03, 2024, on the captioned subject, and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), we are enclosing herewith the transcript of the Post Earnings (Conference) Call held on Monday, June 03, 2024.

The above information is also available on the website of the Company [www.izmoltd.com](http://www.izmoltd.com).

Kindly take this information on record.

Yours faithfully,

for **IZMO Limited**

**Sonal Jaju**  
**Company Secretary and Compliance Officer**

**Encl: As above**

**izmo Ltd.**

177/2C, Bilekahalli Industrial Area,  
Bannerghatta Road, Bangalore-560 076, India

www.izmoltd.com

CIN: L72200KA1995PLC018734





“IZMO Limited Q4 & FY 24 Earnings Conference  
Call”

**June 03, 2024**

**Moderator:** Ladies and gentlemen, good day, and welcome to IZMO Limited's Q4 and FY 2024 Earnings Conference Call.

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 '\*\*' then '0' on your touchtone phone.

This conference call may contain forward-looking statements about the Company, which are based on the beliefs, opinions and expectations of the Company as on date of this call. The statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Sanjay Soni – Managing Director, IZMO Limited, for his opening remarks. Thank you, and over to you, sir.

**Sanjay Soni:** Good afternoon, everyone. I would like to wish you all a very warm welcome to IZMO Limited's Earnings Conference Call for the quarter and full-year ended 31st March, 2024.

I would like to begin by expressing my gratitude to you all for taking the time to join us today. We have on call with us Adfactors, our Investor Relations team.

I would like to take this opportunity to give a brief overview of our company and highlight key recent developments and milestones before we get into the business and financial performance.

**Brief background about the company:**

IZMO Limited is amongst the leading software products company with offices across India, the U.S., and Europe, and multimedia studios in Los Angeles, U.S., and Brussels, Belgium.

Over the last 25 years, through constant innovation, R&D, and new products development, we have carved a niche for ourselves as a provider of innovative solutions for the automotive industry. With a strong domain expertise which sets us apart in the industry, today we serve thousands of clients in the U.S., Europe, and India, and work with top automotive OEMs globally.

Our business can broadly be categorized into three core segments. One, IzmoStudio, which comprises of our Interactive Media Solutions. Two, izmoauto, which covers a range of Digital Retail, and CRM platform solutions. And three, FrogData, our AI and Data Intelligence platform.

IzmoStudio operates out of studios in Los Angeles and Brussels, where we use cutting edge technology to produce the world's largest library of automotive images, which are licensed to major corporations worldwide. I am proud to say that we are the global leaders in this space and the sole provider of global content for transnational users.

We cater to global car rental companies, including Hertz, Avis, and Europcar, and top leasing providers like Arval

Major online portals such as Edmunds and Microsoft's MSN Auto are also our clients. Our interactive CGI product izmoEmporio, a 3D virtual showroom for digital retail, also comes under this segment. IzmoEmporio is widely accepted as the best multimedia product in the auto industry, and we have been ramping up marketing and sales of the same. Major brands like Ford, Stellantis, and Renault have been using this. The market for this product is dealerships, which use it on their websites, automotive portals, and online retail apps. IzmoEmporio, like many of our other products, is developed in-house, aligned with the Make in India ethos of our government.

The second division, izmoauto is our Digital Retail and CRM product suite. This was one of our original product divisions, and we have a leading position in France with the largest dealer groups and OEMs, like Stellantis and Renault as clients. The digital retail platform continues the steady growth, and we launched a Spanish language platform in the U.S. during this year to cater to the rapidly growing Hispanic market.

Thirdly, FrogData is our AI and Data Intelligence division. We have had an early start in providing AI-driven decision analytics to players in the automotive industry. We have been investing significantly in this for the last seven years, and today it is one of the most advanced platforms facilitating millions of dollars of additional profits to thousands of dealers. It exemplifies how AI and data analytics can be used by businesses for performance improvement and optimization to positively impact the business.

FrogData encompasses three main products: decision analytics platform, that's FDAP, WarrantyBoost+ service analytics with Warranty Uplift, and WarrantyMind, an AI platform for warranty claims administration.

FrogData is the fastest growing product suite, having grown 50% year-on year in FY '24 on the back of strong demand. Based on this, we have been investing in additional sales team, engineering and delivery resources, and additional marketing. We have more products in the pipeline, which will use AI for vehicle pricing and predictive upsell in the service lane.

**Now touching upon some key recent developments during this fiscal year:**

The financial year '24 has been very exciting and eventful for us. Despite some macroeconomic headwinds in the US and other markets, we have demonstrated resilience and performed in line with expectations.

The auto markets worldwide have been recovering with rising car sales, and we are seeing an increasing paradigm shift towards digital marketing spend vis-a-vis traditional marketing. The rising popularity of EVs and the penetration of Chinese brands in European markets is fueling competition, which ultimately bodes well for companies such as IZMO.

As you might be aware, we have been developing a virtual reality-based product, which will combine digital retail with physical locations, provide experiential customer engagements that provide an alternative to pure digital sales channels. This will enable a potential car buyer to do a virtual test drive using VR software and hardware.

As mentioned earlier, this year we launched our Spanish portal in the U.S., [www.autogozo.com](http://www.autogozo.com). We already have more than 2,000 dealers signed up for this. This portal caters to one of the fastest growing automotive market segments in the US, that is Hispanic customers. This portal is likely to trigger a new phase of our growth into the online auto portal business in the U.S.

In another milestone during the year, Stellantis chose our CRM products group for their European after-sales business. This product is now mandated for use by all Stellantis distributors across Europe, and they have signed a multi-year annual recurring contract for it.

Moreover, our training and consulting division in France, Izmo Consult, received a “Qualiopi” certification from the French government, making it an official training company that can provide services which should be reimbursed by the government. This opened up a new market in training and education, and we aim to grow this business in the future.

Some of the clients include Stellantis, Renault, and large dealer groups. All these developments and milestones translate into an expanding client roster for us. In the last quarter alone, we added 137 clients in the U.S., including Elite Auto, SAS, and Fareportal Inc., and 30 clients in Europe, including Citroen, DS Avicars. Other notable client additions over the year included Skyscanner , High Gear Media, and Auto Listing, Group Synthesis, LG Dev, and others.

FrogData is the fastest growing part of the business, and we foresee it expanding further as awareness in the market increases and AI becomes mainstream. Some of the USPs of FrogData are, one, integration with major data systems in the U.S., such as DMS, CRM, IMS, digital retail, and other systems that comprise automotive ecosystems.

Two, over 20 years of automotive domain experience after working with thousands of dealers worldwide, many of our product developers are from the auto sector, which gives us access to

industry know-how and know-why of problems, which puts us in an optimal position to develop solutions for them.

Third, through our development center in India, we have developed an in-house pool of talent, that is data scientists, that serve our development needs, and we continue to invest in training and development of new talent.

To support the anticipated growth, we have been exploring opportunities to raise funds in FrogData USA and on advanced talks with several interested parties through an investment banker. We expect valuation to be in line with the industry norms for AI companies. We shall make an announcement with further update on this in due course of time.

Another milestone during the year is the establishment of a subsidiary, izmo Microsystems Private Limited. Through this, we shall develop technologies for EV (electric vehicles) and other applications. These would cover battery management software and other related software and hardware, specifically for EVs and similar applications. Market trends indicate a strong shift towards EVs in terms of public transport, as well as private vehicles. And we see a tremendous opportunity in this sub-segment.

Lastly, it is heartening to share that our Chairperson, Mrs. Shashi Soni, and our Founder, has been honored with the Padmashree Award by the Government of India this year. This is a recognition of a lifetime of work in trade and industry and inspires us all to strive for greater heights in our endeavors.

**Now turning to our financial performance:**

Fourth quarter, Q4 FY '24. We reported Rs. 50.29 crore in revenues during Q4 FY '24, a 15.18% year-on-year rise. Growth was driven by several new client additions in key markets across the U.S. and Europe. Our EBITDA, excluding other income for the quarter, stands at Rs. 12.05 crores, while EBITDA margin is 23.96%.

Investments in our talent pool, ESOPs and R&D expenses offset the impact of operational efficiencies, exerting pressure on margins. Our PAT during this quarter is 9.04 crores, as against 8.29 in the fourth quarter of FY '23. PAT margins stood at 17.97%.

We gained income from certain lawsuits filed for copyright infringement for our images, which reflects in the higher other income. EPS for this quarter is at Rs. 6.40.

**Coming to the annual numbers for FY '23-'24:**

We reported Rs. 186.75 crores in revenues for FY '24, a 21.4% year-on-year rise. Growth was driven by continued new client accretion coupled with higher product prices. Our EBITDA, excluding other income for the year, grew 36.91% Y-on-Y to Rs. 39.9 crores, while EBITDA

margin is 21.36%, a rise of 242 bps. Stringent cost control measures helped offset the rise in employee expenses, thereby benefiting margins.

Our PAT during this fiscal year is Rs. 26.05 crores as against 20.02 and FY '23. PAT margin stood at 13.95% up by 94 basis points. EPS for the year is Rs. 19.30.

That is all from my side. We are now open to take questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sudhir Bheda from Bheda Family Office. Please go ahead.

**Sudhir Bheda:** Good Afternoon sir, I would like to congratulate you, sir, on a good set of numbers, sir, for the entire year. We have seen muted growth of Q-on-Q, Q4 vis-à-vis Q3. So, any particular reason for that or it is a kind of seasonality where Q4 is muted than Q3?

**Sanjay Soni:** No, normally, actually, Q4 is our best quarter, but this time in Q3, we had certain project revenues which came in, which were one time. So, that's why the Q3 went up a little bit. Otherwise, normally, Q4 is always better than Q3.

**Sudhir Bheda:** That was, it is muted kind of growth that you have reported in.

**Sanjay Soni:** Because Q3 had a bump this year from izmo Consult. So, what happened is izmo Consulting, because to get the subsidy from the French government, they wanted to show as much of consulting expense as possible before the year finishes. Their year is January to December. So, we actually did substantial billing during that quarter for consulting services. So, that's why there was a slight spike, and then there was a dip in the next quarter of that.

**Sudhir Bheda:** And EBITDA margin also shown a dip year-to-year. That's all well explained by you, that because a lot of hiring took place, employee cost went up.

**Sanjay Soni:** Also, ESOP benefits we have given. So, that also comes in the last quarter of the year. Even though it's actually spread over the year, but we only take it in the last quarter.

**Sudhir Bheda:** And sir, with the new hiring taking place and the optimism you have exhibited in the opening remarks, so considering that, what kind of growth do you foresee in coming year, particularly this fiscal '25?

**Sanjay Soni:** We are looking at around 30% to 40% growth this financial year.

**Sudhir Bheda:** Consol growth.

**Sanjay Soni:** Consol growth, yes.

- Sudhir Bheda:** FrogData will grow by 100%, as you were mentioning in the conference.
- Sanjay Soni:** Yes, I mean, we are targeting for 100. We have hired a lot of new salespeople. We are also expanding our geographical reach in the U.S. So, we are targeting 100%, but I think that 75% to 80% growth is quite possible.
- Sudhir Bheda:** And with this kind of growth, 35% to 40% consol growth, we will be able to maintain the margin, I believe.
- Sanjay Soni:** Yes, because our costs will remain quite flat. So, our margin should actually improve, if not remain the same. We don't expect much of cost expansion in the current year.
- Sudhir Bheda:** That's a great news. And lastly, sir, can you give some timeline on the possible divestment of your subsidiary FrogData?
- Sanjay Soni:** Yes, I had explained earlier, my brother was unwell, and then he was in India for nearly two months post his surgery. So, he has just gone back to the U.S. In fact, he is landing in the U.S. tomorrow. He was in Europe for 10 days to just meet the clients. So, given that it's already June now, I think in the next quarter, we should be able to close the fundraise. That's the timeline we are looking at.
- Sudhir Bheda:** So nice to hear from you, sir.
- Sanjay Soni:** Thank you
- Moderator:** Thank you. The next question is from the line of Akshada from Vivog Commercial Limited. Please go ahead.
- Akshada:** Sir, I just had one question, and that was what percentage of your total revenues come from Stellantis?
- Sanjay Soni:** I don't have that number, but I don't think it's more than 10%. It's less than 10%. We don't have any client concentration as such. So, where any client is more than 10%.
- Akshada:** So, what percentage of your revenues came from your old clients this year, and what was from the newer ones? Because that would enhance my understanding of how client additions really turned out in numbers.
- Sanjay Soni:** You see the issue there is to how do we track that. It's a little complicated. A lot of our old clients buy some new products, and then we also add some new clients. So then, how do we track it? So, we don't track it in that manner. Because for us, it becomes very difficult to say that because there is some recurring revenue coming from old clients, and then they add on



some more, and then that becomes a new revenue, but from an old client. So, we don't track it as such.

**Akshada:** So, your top 3 dealers concentration would be how much?

**Sanjay Soni:** Given that we have more than 1,800 clients, it's very difficult for us to come out with these metrics. I never have a whole team doing only this. That's the problem.

**Akshada:** So, what would your total revenue concentration of top three clients would be?

**Sanjay Soni:** Not more than 12% or 13%.

**Akshada:** So, Stellantis is your largest customer then?

**Sanjay Soni:** No, I think our largest client would be Hertz. Stellantis is becoming bigger and bigger. This year, we expect a substantial bump from Stellantis because of the Europe rollout of the CRM. Earlier, they had only done France. So, the billing was less. Now they have mandated a Europe-wide rollout. So, we are expecting a million dollar plus just from this rollout itself coming in this year. So, then Stellantis will go up to our number one position, I think, this year, if the others don't increase.

And we also have automotive groups. So, there, the billing gets scattered, but actually it belongs to the same groups. And we don't track it as per group level. We track it as individual dealership level. So, like some groups have 75 stores. So actually, if you add all that, it may be even bigger than some of the OEMs. But then it becomes difficult for us to keep track of who's in which group. But at any point of time, our client concentration is never more than 8% to 10% of one big client. So, it's fairly diversified.

**Akshada:** Is that the Hispanic customer base in U.S.? How large is this demography?

**Sanjay Soni:** It's now around 17% of the U.S. population. You know, I have been to Miami a few times. And in the hotel, no one speaks English. None of the staff, except the front desk, nobody else speaks English. Or you go to a restaurant or a pub, and they are speaking only Spanish. So, it's becoming more and more prevalent. So, I had to learn a few Spanish words just to get by. Otherwise, it's all Hispanic.

So, Hispanic not only from Mexico, but also from many other Latin American or even Cuba or those countries. So, especially the southern part of the U.S. is just Hispanic speaking, I mean in terms of the people working there. So, it's a pretty large population. And they all need cars. Because if you are working, you need a car. You can't survive in the U.S. So, it's a good market for us to tap into. And we found a niche, and we are now going after it.

**Moderator:** Thank you. The next question is from the line of Narendra from RoboCapital. Please go ahead.

**Narendra:** Thanks for the Opportunity and congratulation on the good set of yearly numbers. So, my first question is, you said that 30% to 40% growth in FY '25, right? So, that's great. But I wanted to know a little bit about the longer-term or the medium-term view. So, given the opportunities that lie ahead of us, what kind of growth are we looking at over the next two, three years or a little longer term? So, will this 30% rate sustain or as the revenue base grow higher, we would see a dip in the growth rate?

**Sanjay Soni:** See, our internal projections or our internal target in the next three years is to try and reach a 500-crore turnover. It's very, very aggressive. I agree. That's our internal target. I would say, going forward, 30% is not beyond the realm of possibility. Yes, you will have to work very hard, 30% to 40%. And we are doing that. And given that we have now got a good foothold in some of the OEMs where a lot of work has been done earlier, which is now paying out, which means now the large contracts are coming in, it may be possible to achieve these numbers.

So, whatever work we have done in the past, we have done the projects or done the software for them and which is being rolled out. And as they get confidence about the quality and the ROI on that, they are now looking at rolling it out in various distance. So, that's the same whether it's Renault, whether it's Stellantis, or whether it's a couple of OEMs in the U.S. So, those numbers will start kicking in. And that's what gives us the confidence that, yes, we should be able to maintain this growth going forward.

**Narendra:** So, for this 500-crore turnover aspirational target, right? So are we planning on entering new geographies, introducing new products, or we have the systems in place already for this?

**Sanjay Soni:** We are seriously entering Germany this year. We have already entered Spain. Last year, we are increasing our presence there. So, Europe will be a major thrust because there is a huge potential out there, especially for digital. And we are looking at Brazil and a couple of other countries in South America. But that may be next year, not this year. This year, we are going to focus on Germany and Spain going forward.

**Narendra:** So, any kind of R&D expenses that we are looking at?

**Sanjay Soni:** R&D is always constant, because we keep working on new products, because we are always planning what is going to be relevant five years from today or three years or even 10 years from today. Being a product company, I need to continue investing in new development. But as the cost, the development is coming, the percentage is coming down as the revenue keeps going up. So, in absolute numbers, it remains more or less fixed. But percentage-wise, it's falling as we keep increasing the top line. So, you will see that continuing.

**Moderator:** Sir, the participant has left the queue. We will move on to the next question, which is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

- Deepak Poddar:** Sir, I have got two, three queries. Now, first of all, I mean, in terms of growth that you mentioned, 500 cores, what was the number of years target we have given?
- Sanjay Soni:** Three years hence.
- Deepak Poddar:** Three years. So, that is by FY '27 we are targeting, right?
- Sanjay Soni:** '28. I mean, '27, '28. That's what I call.
- Deepak Poddar:** So, that's four years, right? FY '25, '26, '27, and '28.
- Sanjay Soni:** '24-'25, '25-'26. Yes, four years, maybe that's, yes.
- Deepak Poddar:** Four years is the target, right? So, ideally, so, we would like to maintain this 30%, 40% kind of a CAGR that you mentioned, right?
- Sanjay Soni:** Yes.
- Deepak Poddar:** And how should we see it sequentially? I mean, given the kind of traction of growth we are seeing, I mean, will it be fair to see that on a quarter-on-quarter basis we should be able to improve our top line?
- Sanjay Soni:** Yes, of course. Definitely.
- Deepak Poddar:** And then this quarter, our EBITDA margin was close to about 24%, right? So, when we say an improving margin trend, so, we are taking this 24% as a base or FY '24 average?
- Sanjay Soni:** FY '24 as a base.
- Deepak Poddar:** As a base, 21.5% as a base on.
- Sanjay Soni:** Yes, because what happens is quarters can be lumpy because of some reason. So, we can't take a quarter as a benchmark. We always take the year because it evens out over the year.
- Deepak Poddar:** But this quarter, was there any one-off because of which we could see 24% kind of a EBITDA margin?
- Sanjay Soni:** No, we kept the cost low. We didn't have much legal costs because sometimes we have legal costs. When we go after the IP infringement, the legal costs come in. So, the quarter in which we pay, we just book it. We don't annualize it over the year. Then it just shows up in that quarter. This last quarter, it wasn't there. And overall, costs have been kept quite reasonable.

- Deepak Poddar:** Fair enough. And just one last thing on the tax rate. How should one look at the tax rate? Our tax rate is a little lower, right?
- Sanjay Soni:** Yes, because we have enough tax shield in the U.S. and in Europe. So, by next the Europe tax shield will be over. U.S., we still have a few more years to go before we wipe off all this thing.
- Deepak Poddar:** So, how should we look at tax rate in FY '25-'26?
- Sanjay Soni:** I think it will remain the same. I think only by '26-'27, you start seeing a higher tax rate coming in, kicking in.
- Deepak Poddar:** 15% is right. I mean, 15% is what currently we are doing. So that you expect to continue.
- Sanjay Soni:** Yes. So which continue another two years. This year and next year.
- Deepak Poddar:** Next year. FY '27, it will normalize to 25%.
- Sanjay Soni:** Correct.
- Moderator:** Thank you. Mr. Narendra from RoboCapital is back in the queue. We will take him next. Please proceed, sir.
- Narendra:** So, my next question is regarding, you mentioned in your opening comments that you are looking to raise funds at the subsidiary level. Sorry, I missed the comments. Would you please elaborate on that?
- Sanjay Soni:** Yes, we have, in fact, that process we have started earlier this year and then because of my brother's surgery, now it got pushed back. So, we have already appointed the merchant banker. We have prepared the entire IM and the process has started for divesting a stake in FrogData in the U.S.
- Narendra:** So, how much stake are we expecting?
- Sanjay Soni:** We are looking at between 10% to 15% and the valuation we are trying to achieve is between 60 to 80 million for the business.
- Narendra:** So, 15% we are looking to divest, right?
- Sanjay Soni:** Yes, maximum.
- Narendra:** And 60 to 80 million of valuation.
- Sanjay Soni:** Valuation. That's correct.

- Narendra:** Great. And the cash that flows in, where would that be used?
- Sanjay Soni:** It will be mainly for expansion of our sales and office, this thing in the U.S. Because we want to take FrogData to as many states as possible. Right now, we are in five states. We would like to ideally take it to at least 20 more. So, this will go into building up the sales team and also adding technical resources. Because as more business comes in, we need to add a little more technical people for faster implementation and doing all the backend work.
- Narendra:** So, this would be a fresh raise, right? Not a sale.
- Sanjay Soni:** Yes, yes. We have never raised money in the U.S. for many years now. It would be a fresh. I mean, it will be a dilution of equity.
- Narendra:** Not of stake, right?
- Sanjay Soni:** Money will go into the company. No, no, no. It's money going into the company.
- Moderator:** Thank you. The next question is from the line of Sudhir Bheda from Bheda Family Office. Please go ahead.
- Sudhir Bheda:** Sir, just you mentioned that 500 crores target would be like '27-'28. But somewhere, I think you mentioned that by '26, we will be going to achieve that. So, is there any reason why it has been pushed by two years?
- Sanjay Soni:** I don't remember. '26 looks very aggressive. I think '26, I had mentioned 300 or 350. It can't be 500. Or maybe it was '26-'27. And now I pushed it by one year just to be more realistic because everyone thought that's too ambitious.
- Sudhir Bheda:** So, that's your conservative target.
- Sanjay Soni:** Yes.
- Moderator:** Thank you. The next question is from the line of Manoj Rajni from Rajni Family Office. Please go ahead.
- Manoj Rajni:** So, sir, I just had two to three questions. So, the first one is that why the payable seem to have increased substantially this time. So, I mean, any reason, is the company facing any experience, I mean, difficulties in completing?
- Sanjay Soni:** Sorry, come again. The first part of this thing.
- Manoj Rajni:** Yes, so, sir, actually, the payable cycle seems to be having increased substantially this time. So, any particular reason for this?

**Sanjay Soni:** The reasons or payable?

**Manoj Rajni:** No, payable, sir.

**Sanjay Soni:** Payable, I don't, I mean, there is no particular reason.

**Manoj Rajni:** So, I mean, can we assume that it will normalize in the next half?

**Sanjay Soni:** Yes, I mean, there is no nothing which stands out in my mind for this as such.

**Manoj Rajni:** And also, what is the strategy regarding writing off of assets or maybe capitalizing them?

**Sanjay Soni:** We capitalize the R&D expenditure every year and then we keep writing it off. We have a formula which we actually declare in the annual report. It comes there, how we do the write-off. So, some products which actually don't go to market, we write it off immediately and then some which are in the market, then we take a five-year write-off because the life of some of the products is even longer, but we write it off over five years. So, it's done as a mix of this.

**Manoj Rajni:** So, what is the impact of this practice on the taxation?

**Sanjay Soni:** That I can't tell you off hand. I will have to check with the auditors and with our finance people. If you can send us a mail, then I can ask them and they can, I mean, they will...

**Manoj Rajni:** Sure, sir, I will get in touch with the IR team in that case.

**Sanjay Soni:** Yes. I don't want to give you some incorrect answer and confuse you unnecessarily.

**Manoj Rajni:** Agreed, sir. No worries.

**Moderator:** Thank you. The next question is from the line of Nehal Gupta, an individual investor. Please go ahead.

**Nehal Gupta:** Very Good Afternoon sir, I might have joined little late and would miss something, but I would ask anyway. Do we have any guidance in terms of top line or profit margin for the next year?

**Sanjay Soni:** We have given a 35% to 40% top line guidance for the next year.

**Nehal Gupta:** And what would be the growth factor for the same?

**Sanjay Soni:** Basically new client additions in several geographies and also additional business from existing clients. It will be a combination of both.

**Nehal Gupta:** And in FrogData, what is the range of profit margins we are looking for, if we only consider FrogData?

- Sanjay Soni:** We have around 30% to 40% margin in FrogData and we have actually this year increasing pricing on that. So, we should see an uptick on the margins in FrogData business because based on the benefit the dealers are getting, we have decided to increase pricing because I think the market can bear it. So, I think we can definitely see a good uptick there going forward.
- Nehal Gupta:** So, in future, do we see major contribution in revenue from FrogData or would it be balanced in terms of...
- Sanjay Soni:** See, over the last three years FrogData share has been increasing. So, in current FY, it's already 26%. Three years back it was hardly a single digit. So, it will contribute significantly to the top line and more significantly to the bottom line going forward. We do expect that to happen. We have still not taken it to Europe yet. So, that will be probably next year. So, there can be substantial numbers coming in from Frog in the overall revenue mix.
- Nehal Gupta:** And sir, in terms of our expansion plans in other regions, mainly from where do you see the large contribution would be coming from in our business? So, what is our major focus area in terms of what other regions apart from India?
- Sanjay Soni:** Like Germany, we are looking at substantial, I mean, business coming in, especially for the izmoauto at the CRM and the portal side. Frog currently is only in the U.S. Spain is again izmoauto. We are getting very good traction on the IzmoStudio side by many new client sign ups, in fact, even in the first quarter of this year which will show up in the results when they come out. Actually all the businesses are, touchwood, contributing well and we are seeing business growth happening across divisions. But like I said, the new geographies, first thing will be Izmoauto and then probably the others will follow.
- Nehal Gupta:** Typically, we are mainly right now, as of now, present focus would be expanding in Germany and across then other areas of Europe.
- Sanjay Soni:** Spain, we are already there. Now we are expanding our base further. So, we have opened our own office in Spain and we are opening one in Germany. These two are big markets in Europe.
- Nehal Gupta:** And what kind of sales are we looking to anticipate from those regions when we are fully operational in those regions? If any percentage...
- Sanjay Soni:** Spain should be at least couple of million euros. Germany should be more, 4-5 million euros a year. Once they are fully operational and there is enough people know about us. It takes time once you enter a new market for awareness to be built up and people to know you. These markets can give us good top line and bottom line growth going forward.
- Moderator:** Thank you sir. The next question is from the line of Marutinandan Sarda, an individual investor. Please go ahead.

- Marutinandan Sarda:** Congratulation sir for the good set of numbers, my question is around the share- holding structure currently. So, promoters are owning around 31.9%. So, they have increased their ownership by 3% approximately in last quarter. So, do you have a plan of increasing further rates maybe seeking up to 40% or 50%?
- Sanjay Soni:** No, another 5% will get converted next year from warrants to shares. So, we have actually taken warrants of nearly 10% of which only one tranche has been converted.
- Marutinandan Sarda:** So, ultimately maybe by next financial year, that is FY '25, it will be around 40%.
- Sanjay Soni:** We have around 39%, I think.
- Marutinandan Sarda:** 39%, okay. And secondly, this question I am asking, particularly from all the investors' point of view is why don't we have any domestic institutions as an investor in the company when everything is fantastic, and the future also looks pretty good? So, why there is no domestic institutions?
- Sanjay Soni:** Our market cap is very small. Earlier we used to have even FIIs in our stock. We had Fidelity. We had lot of FIIs. But now till we don't achieve a market cap of 1,000 crores, we are too small to attract the institutions. The whole market has changed.
- Marutinandan Sarda:** So, basically the stakes sale what we are targeting, the stakes, not stakes sale, but dilution of equity in next quarter what we are targeting, that might change even further.
- Sanjay Soni:** That could be a trigger.
- Marutinandan Sarda:** That could be a trigger.
- Sanjay Soni:** That could be a trigger to change the whole, because that will set a benchmark showing that the company is undervalued and then maybe there will be more interest in what we are doing.
- Marutinandan Sarda:** So, how confident we are doing?
- Sanjay Soni:** Yes, historically always reward service companies, because it is a very simple business to understand. Product companies are not very well understood. So, I guess we just need to be patient a bit.
- Marutinandan Sarda:** So, in terms of probability, next quarter we see it happening or it will percolate to the...
- Sanjay Soni:** I would say latest before December this year, definitely, worst case.
- Marutinandan Sarda:** You are pretty confident about it, right?



- Sanjay Soni:** Yes, yes, very. There is enough interest in AI and we have a, you see, AI today is very hot. People are talking about it, but there is no business model which actually shows how to make money on it. So, we are making money from our AI products and we were doing AI much before it became fashionable. We didn't call it AI. We used to call it something else. But we have a business, I mean, we have a running business that actually generates cash. So, there is a value to that in any part of the world, even in the U.S. So, we just have to get to the market and then get the right value So, we are quite confident and based on the feedback which we received from the merchant bankers, they are also quite confident of closing this in the current year.
- Marutinandan Sarda:** And we are looking at valuation of around 70 million U.S. dollar right?
- Sanjay Soni:** Between 60 to 80.
- Marutinandan Sarda:** That's 60 to 80. So, if I take an average maybe 70 million. We are valuing the FrogData at around 5,600 approximately, 5,600 CR, right?
- Sanjay Soni:** Correct.
- Marutinandan Sarda:** That's like approximately, I think that's crazy because if I see the market cap of Izmo that's around 400 CR, it will be like 13 times of that. It's that's crazy.
- Sanjay Soni:** One time our market cap was Rs. 60 crores. At that time we had real estate assets of that much and our catalog was worth much more So, you can't figure it out. That's market.
- Moderator:** Thank you. The next question is from the line of Harshal Patil, an individual investor. Please go ahead.
- Harshal Patil:** Could you please elaborate on the fundraise activity for FrogData? What kind of valuation are we getting and any visible timeline around this?
- Sanjay Soni:** We are looking at between \$60 million to \$80 million valuation and we hope to finish it before end of this calendar year.
- Harshal Patil:** On the market size and the opportunity for FrogData?
- Sanjay Soni:** Pardon me.
- Harshal Patil:** What is the market size and the opportunity for the FrogData?
- Sanjay Soni:** There are 24,000 dealers in the US. Right now we have around 800 or 1,000. Between 800 to 1,000 roughly So, we still have a lot of room to grow. And then, of course, the entire Europe is there. We have another 1,000 clients in Europe where we can sell FrogData So, it's a huge market. We are still not penetrated even 10% of it.

- Harshal Patil:** And what is the status of the VR product mentioned in the opening remarks?
- Sanjay Soni:** We are working on it. There is still some challenges there So, I think by end of this financial year, we should have a product ready for the market.
- Moderator:** Thank you. The next question is from the line of Sudhir Bheda from Bheda Family Office. Please go ahead.
- Sudhir Bheda:** Sir, just a correction. Actually, that person was mentioning about 6,000 crore. It is not 6,000. It is 600 crore. It is \$60 million to \$80 million would be like 600-700 crore.
- Sanjay Soni:** You are right.
- Sudhir Bheda:** It is the only correction.
- Sanjay Soni:** Correct.
- Sudhir Bheda:** And sir, so, I take the opportunity, again, to ask one question. Sir, you are mentioning that one particular client is giving a \$1 million business. And then prices are also, you just mentioned in one answer, the prices of your products are also, you have increased the prices or it's going up. So, don't you think that the guidance of 30% to 40% is too modest for the current year's growth?
- Sanjay Soni:** No, I wouldn't like to comment on that at this point of time. Let's wait and see. Only one quarter is done. But let's see. Too early to say. We hope, see, if I give a 30% and do 50%, you will be happy, no? If I do say 50% and do 40%, you will be unhappy.
- Sudhir Bheda:** Yes.
- Sanjay Soni:** Correct?
- Sudhir Bheda:** Sure. Yes.
- Moderator:** Thank you. The next question is from the line of Aniket Redkar, an individual investor. Please go ahead.
- Aniket Redkar:** So, sir, as I am a new investor in this company, so, could you throw some light on this FrogData? And can you just explain in the simple form?
- Sanjay Soni:** I think that our IR agency will reach out to you and send you the presentation on FrogData because earnings call is not a right call for me to take such questions. Because if I start talking about FrogData, it will go another 15 minutes. Others will not get the chance to ask. While

informed, just reach out to our IR agency and they will give you a lot of information on FrogData, plus all the links to our FrogData website where you will have ample of information.

**Aniket Redkar:** And my second question will be, whom would you consider our key competitors in the U.S. and Europe?

**Sanjay Soni:** See, we have competitors in every segment. In different product divisions, we have different competitors. So, it's not one competitor in each. I mean, not one competitor which does all the three, what we do.

**Aniket Redkar:** So, in terms of FrogData, can you just give me a little bit?

**Sanjay Soni:** There are some companies which have come up in the last couple of years which are offering a portion of what we offer. So, there are a couple of companies. Again, I can send you the details. If you send us an email, we will give you the details of those companies.

**Moderator:** Thank you. The next question is from the line of Nikhil Arora, an individual investor. Please go ahead.

**Nikhil Arora:** Sir, I have just two questions. First is, can you please elaborate on the specific advantages of our integration with major U.S. data systems like DMS, CRM, or IMS in the automotive ecosystem would help us? A few of the advantages, if you can just throw some light on that?

**Sanjay Soni:** See, for any data to be displayed on the online virtual store, which we provide to the dealership, I have to bring in data from many sources. So, the DMS is one because the new car inventory comes from there. Pricing comes from there. Accessories pricing comes from there.

So, without the DMS plug-in, the online store will not give you the live, the correct data. Then we also bring in a lot of data from the CRM, which we then use for analytics. So, we actually go into the DMS, the CRM, and any other touch point of the customer and then use that data to create a data cube and then do the analysis. So, all these data connections are made by us, and then we get the data coming in from all these sources.

**Nikhil Arora:** Thank you for the information, sir. And one last question. If you can please provide a few examples of how our team's automotive domain experience has directly contributed to the development of your solutions?

**Sanjay Soni:** We have been in the automotive sector since 2001. So, it's been nearly 23 years. So, a lot of products we have developed is based on our understanding of the dealership and how the sales process works in the U.S. And then we have developed. First we came out with IzmoStudio at 2001 when we started with the animation of cars because that time it was just not available.

And then we came out with high-resolution pictures, and then we came out with the virtual store, and then we came out with the accessory platform, which we sold to Renault. We came out with the CRM, with the lead management system. So, as we kept understanding the business, we kept bringing out more and more solutions which would help the dealership improve their top line and bottom line.

FrogData was a direct result of that, where we understood that a lot of analytics was still then only applied in credit cards or consumer loans or finance. Nobody thought of applying it to the data which auto dealerships has. So, we were the first to actually think of that and come up with a solution using AI and analytics. That's how our domain expertise has helped us in developing new products for the sector.

**Nikhil Arora:** Thank you for the answer, sir. Also, sir, if you can provide any update on the work that you are doing with Sony?

**Sanjay Soni:** Well, it's going on well. We have expanded the team. It's a constant exercise. We are always behind their expectation in terms of number of cars we can do for them. So, we are ramping up and yes, touch wood, they are very happy with our quality and they have given us a letter of appreciation also. So, we are increasing our work share with Sony.

**Nikhil Arora:** And sir, where will the funds raised in FrogData be used? If you can just clarify.

**Sanjay Soni:** It will be used in the U.S. for sales expansion and expansion of the tech team.

**Nikhil Arora:** Is there any rough timeline for the launch of our VR product?

**Sanjay Soni:** By end of this financial year.

**Nikhil Arora:** By the end of this financial year, will be in '25 or, yes, '25, right?

**Sanjay Soni:** Yes, '25 yes.

**Moderator:** Thank you.

**Sanjay Soni:** We will have to now finish it.

**Moderator:** Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Sanjay Soni, Managing Director, IZMO Limited for closing comments. Over to you, sir.

**Sanjay Soni:** I once again thank the entire team of IZMO for their untiring efforts, hard work and dedication, which drives the company forward. I appreciate you all for taking the time to join us in our

conference call. Please do get in touch with our Investor Relations team for any further questions and have a good day. Thank you. Take care.

**Moderator:**

Thank you, MD sir. Ladies and gentlemen, on behalf of IZMO Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.