

June 03, 2022

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

Dear Sir/Madam,

Subject: Post Earnings Call - Submission of Transcript

This is further to our letters dated May 25, 2022 and May 31, 2022, on the captioned subject. 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 Friday, May 31, 2022.

The above information is also available on the website of the Company www.izmoltd.com.

Kindly take this information on record.

Yours faithfully,

for **IZMO Limited**



Danish Reza

Company Secretary and Compliance Officer



Enc: As Above



“IZMO Limited
Q4 & FY2022 Earnings Conference Call”

May 31, 2022



**MANAGEMENT: MR. SANJAY SONI - MANAGING DIRECTOR - IZMO
LIMITED
MR. DANISH REZA – COMPANY SECRETARY – IZMO
LIMITED**

Moderator: Ladies and gentlemen good day and welcome to the Q4 & FY22 Earnings Conference Call of IZMO Limited. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectation 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.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. 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. Thank you and over to you sir.

Sanjay Soni: Thank You Rahul! Good afternoon everyone. I would like to wish you all a very warm welcome to IZMO Ltd.'s earnings conference call for the fourth quarter and year ended 31st March 2022.

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, Mr. Tej Soni, President Izmocars who is based on United States and heads complete International Operations and Bridge IR, our investor relations team.

Since this is our maiden earnings conference call, I would like to share a brief overview of our Company and its recent developments, before we get into the business and financial performance. Brief background about the Company. IZMO Ltd. was established in 1995 as a software development company, specializing in SAP solutions and CRM implementations, and became public listed in 1999. It was known as Logix Microsystem Limited when it was incorporated. IZMO has grown over the years through rigorous R&D and product development to carve a niche for itself as specialists in online automotive marketing.

Based out of Bengaluru, India, the Company has offices across the US, France and Belgium, with a strong market foothold in these regions. We entered the European markets in 2008 through our interactive media studio in Belgium. Today, we have products in across France, Spain, Italy and Portugal, among others. Majority of our revenue comes from the US, through our subsidiary izmocars Inc. Our core expertise in the automotive sector and our long-standing associations with OEM's and dealerships across the US and Western Europe have given us a strong brand name in the industry. Some of our marquee clients include Stellantis Group, Renault Retail Group, Mitsubishi Motors France, Toyota, Ford, major rental car companies and Microsoft, among others.

Our product suite has also expanded over the years to encompass online marketing solutions, data analytics (through our Frog Data product offering),

and computer generated imagery (CGI), under which we have some gaming-related graphics projects underway. Some of our more recent product developments include an interactive VR-based demo for generating experiencing test drive leads for new Cars. I will show you a little glimpse of that later on after I finish this speech.

We take pride in the fact that Izmo is today the world largest producer of interactive media content globally and the market leader in this category unique value-addition that our products offer to customers, which sets them aside from the competition, and a offer a superior return on investment for our clients. This is also one of the reasons why we have a relatively high level of client-stickiness.

Going ahead, we have a multi-pronged growth strategy – our focus is on three or four main areas:

1. Expanding a business on USA which has emerged as strong online market post Covid.
2. Introducing our existing products into our new Geographies where we are tragetting to enter the Spanish market as of now.
3. Launch of Izmo Emporium our 3D online Retail showrrrom in various Countries starting with US.

I will show you small demo of Izmo Emporium now. Its visible I hope its visible to everyone.

Moderator: Yes, Sir Its Visible.

Sanjay Soni: There is no music with this but.

Sanjay Soni: I will show the small demo on the VR. Now coming to some recent development. As you all are aware during the last year an half the world has witnessed an unprecedented calamity in the form of the COVID-19 pandemic, which brought the whole supply chain and entire economies to a staggering halt. It impacted every aspect of our lives, from personal lifestyle to businesses and industry worldwide. Like every other business, we were also impacted by the economic downturn that the pandemic brought. During this fiscal year, the second wave led to more lockdowns in the initial months. However, with our unique products offering and geographical reach, we were able to navigate these turbulent times well. Infact, the Company continued on its growth trajectory over the last year, reflecting its resilience and product appeal. The Pandemic has also created new opportunities for us as there is trend for online sale of Cars all over the world. Mercedes Benz and Stellantis recently announced they are moving mostly online sale in near future. This advantage for us because we are the leading provider of Interactive media content, powers online retail though the competitors has the content library that we had and it’s an increase in demand for it and in last year.

The past year has been very eventful for us. We continued to expand our footprint in existing geographies with several new client additions. We have also been growing our pocket market share from existing clients with a range of products. During the past few months, we added over 17 clients across Europe including major online portal in France including BymyCars and 300

new clients in United States. These new association indicates the value that customers finds in our place. Moreover I am really glad to share that we have launched some new innovative products over the last few months. Most recently, we launched izmoEmporio, a new CGI-based 3D virtual showroom for auto dealers which I just showed you a little glimpse of and FrogBI an enterprise analytics toolkit. These developments reflect our motto to continuously invest in R&D and product development, to stay ahead of the industry.

Going forward, we are exploring suitable opportunities for inorganic expansion in the US to capitalize on the scope for expansion there. With the anticipated growth in the new fiscal year, we are well positioned to grow sustainably. We are also investing heavily and we are to take care of to take advantage of the metaverse, which is emerging globally. So, just as small demo of the we are offering which we are working on.

Now turning to our Financial Performance fourth quarter that is Q4 and FY 22 we reported to be 37.8 growth revenues during Q4 FY 22. 9.76% Year on year rise, growth was driven by new projects and client additions in key markets. Our EBITDA excluding other income for the quarter standard 8.02 crores while EBITDA margin is 21.23% lower by 836 steps. Higher travel and legal expenses incurred during the period impacted margins. Our PAT during this quarter is 6.03 crores against 5.06 crores in the fourth quarter FY 21. Net profit margin stood at 15.94%. EPS for this quarter is at Rs. 4.51. For full year FY22.

We reported Rs. 132.43 Cr in revenues during FY22, a 14.02% year-on-year rise. Growth was driven by strong rise in new clients and new product launches in the US and Europe.

Our EBITDA excluding other income for the period stands at Rs. 23.63 Cr. while EBITDA margin is 17.84%, a decline of 538 bps. Continued investment in our skilled workforce, including issue of ESOPs during the year, had a bearing on margins.

Our PAT during this year is Rs. 16.04 cr. as against Rs. 26.66 cr. in FY21. Net profit margin stood at 12.11%.

Our large chunk of profits in FY 21 was due to other income which accrued on relisation of claims which we filed against Companies who had used our IP without paying so a major chunk of income in FY21 was from their. Net profit margin stood at 12.11%. EPS for this period is Rs. 12.04.

That is all from our side we are now open to take questions. Thank you!

Moderator:

Thank You Sir, now We will now begin the questions and answers session. Anyone wishing to ask a question may signal so by raising hand or putting the question in chat box. We will wait a moment till the question que is assembled. Thank you.

- Danish Reza: Mr. Darshil you can put your question forward.
- Darshil: Yeah, actually the Company's new product, look very fantastic so congratulations on that. I just wanted to know what we expect in terms of growth in terms of revenue and profitability in the next quarter and year term. Will the quarter term number be sustainable and how much will be the growth for that
- Tej Soni: Yeah, we expect about 30 to 40% growth over the next. In the next financial year driven primarily by new products that we have coming out in the market. There's we, namely IzmoEmporio which is very timely, and it's going to take a little time to gain traction because it's such a new product, but we expect in the second half of the year, for it to get traction. The data analytics product is also getting a lot of traction in the US, because the market is matured and there is a big need for data driven Decision Analytics, in the automotive industry, the virtual reality product will start showing results in the year, 2023, because it's this is, this is the year of actually developing the platform and getting ready to launch during the end of the year, a soft launch in Q1 of 23 is expected, but that's a very futuristic product, given what you see from Facebook definition of the metaverse being the big area of growth. The one problem they have is lack of content, and especially in the automotive segment there is no content provider as well established as us so we intend to capitalize on that.
- Sanjay Soni: We were actually going to release the VR. 2 years ago, but then CoVID hit and then it put our plans back by two years we have now taken it up in earnest and we hope to launch it in early next year. So these are going to drive growth, as well as profitability will improve. Definitely, we are definitely looking at an improvement and prosperity, we can't quantify it at this point but there will be a definite improvement in the margins.
- Darshil: So will it be fair to assume that we could go back to FY 21 margins? Will that be a fair assumption?
- Sanjay Soni: The FY 21 margin had a lot of the other income component in it. So, we will definitely improve the operating margin, as compared to a FY 22. FY 22 dip because of lot of factors but we will come back to definitely a FY 21 or even try and better it the operating margins, not counting the other income element.
- Tej Soni: So, FY 21 actually had a very interesting part where we were able to go after copyright infringers and recover substantial amounts that was basically lost license fee, but it also establishes the value of our IP, that it is defensible, and currently having the largest library portfolio of content, which is defensible that creates a very good IP valuation for the company.
- Darshil: Okay. Thank you so much, for my answers and all the best looking forward to great norms.
- Danish Reza: Now I request Mr. Aniket Redkar.

Aniket Redkar : Hello, sir.

Sanjay Soni: Hi.

Aniket Redkar: Hello. Good afternoon, sir. As I'm new to this company so I just want to understand the company segment and the product basically, the company offer. So, just, can you just give a brief of how we, mean, what kind of products we have How are we doing the business, little bit.

Sanjay Soni: I think Rahul will send you a presentation on that and it should give you a lot more detail and we'll give you a brief now.

Tej Soni: So basically, the company has three core divisions. One is the content where we're the largest producer of content globally. And we have two studios one in Los Angeles and one in Belgium, and between the two studios, we have the largest coverage of automotive stock images, video CGI. And we are content which we license to different players, for example, the entire rental car industry works on our content, Microsoft is applying being exclusively uses our content for their ads. And then we have leasing companies in Europe and big portal so if you're a global company you need our content. And then we create derivative products from the content which is what you saw the 3d Emporio and virtual showrooms, which are critical for online retail of cars. The second division of the company is. Sorry. Yeah, the second part of the company is digital retail and CRM, which is where we offer e commerce capabilities to car dealerships all over the world we have about thousand plus dealers on our platform, we have the largest market share in France today we got 18% market share. And our CRM is used as the standard for the Stellantis, which is the, you know, the CMC from Peugeot Citroen Fiat Chrysler grow, they use our CRM mandated exclusively for their distribution network. The third product division is the frog data analytics platform, which is one of our fastest growing product divisions and that's mainly in the US, where we offer big data analytics and Decision Analytics for the automotive industry so those are the three core product groups within the company. All of them are developed here in India, we invest a lot in R&D. All our Greenfield products which we developed from scratch with all the technology. We own the IP, and we own all the innovations that are built within that we are recognized within the industry, very strong brand name in the US and in Europe as an innovative and product driven company.

Sanjay Soni: That's in a nutshell now I can send you a presentation and you will get a much better idea of what we do.

Aniket Redkar: Okay, okay, okay. So, so I just want to know what are your views on the EV space. How do you looked at the EV said what kind of opportunity we can have in future.

Tej Soni: EV is definitely the future of automotive right because all automotive manufacturers are moving towards EV in the online space we already have an exclusive VIP offering which we're offering in Europe which is EV Portal. We have an exclusive EV catalog coming out of content that we license out more virtually every AV startup which needs to go online works with us today,

globally, they come to us for content and for, you know, licensing. The images in fact very interestingly Bill Gates wrote a book on climate change and EV's and all that and he licensed our images for his book, himself, so we have a Gango on that we are looking at diversification in our product portfolio and diversifying into design on the power segment, but that's in the future. No commitments on that as yet.

Aniket Redkar: Okay. Okay. And so, as one new product launch izmoEmporio. So, what kind of revenue and margin, are we expecting from this product.

Tej Soni: So, Emporio launch is just been launched we expect about 500 installs this year during the financial year which will be the first year of launch and we expect, and it usually goes for \$5,000 per year so but 2.5 million to the revenue. The initial profit margin is about 52%, and then it will go up from there because the, we have a huge sunken cost for development for each model that we launch. And it starts off low but because it's developed once and deployed globally. The profitability keeps going up. Each time we launched in a new country because, so once I develop an Audi for us. I can use the same Audi, all over Europe. For most part so it's on a scale where the profitability increases as the deployment decrease.

Aniket Redkar: Okay, and so is there any new product development in the pipeline.

Tej Soni: Yes

Aniket Redkar: What kind of cost incurred and what would be the period to incurred such a cost during the development.

Sanjay Soni: We don't, see being a product company we always are looking at what is going to be relevant three to five years ahead, which is why we have survived more than 27 years in the industry. Even though the competitors have come and gone. So we have a substantial spend on new product development at any given time. And it's as high as 20 to 25 crores, depending on the period in which we are doing the spend and depending on when we are going to launch But that's a core of our business. So we are very much focused on thinking of what and how we can improve the dealership experience or the dealership business how we can give them a better ROI. And a lot of R&D goes into developing products which will help them. Now not all products make it to market. But that's part of the product development cycle. but being a product company, R&D for us is very critical. If we have to remain relevant and not become obsolete.

Aniket Redkar: Okay So, are we looking at any other geographies, to enter.

Sanjay Soni: We are already in Europe and we are looking at different countries in Europe.

Tej Soni: Yeah, in Europe, see our market is, if you look at the global market the main market is US and Europe in terms of addressable market size. Yes, India is a big market China's big market but in terms of revenue that we can get from the retail segment US and Canada and Europe remain the biggest so we are already in France, Belgium in Spain, and through Stellalantus We are in 27

countries in. Europe, they're using our products and our expansions that you know it's now a question of going deeper into each of those markets, but we are well entrenched in Europe and in US.

Aniket Redkar: Okay, Okay, and Sir apart from this automotive sector, are we looking, are you planning to diversity from a diversify from this automotive sector are we looking any opportunity in any other sectors.

Tej Soni: So for our core business we are very tightly focused on automated because that remains our strong point and, you know, we have good products and a very good reputation. However, in analytics, we have identified that in the SME segment where we talk about businesses up to \$1 billion in revenue. There is a big need for an end to end, turnkey analytic solution. And that's where we'll be diversifying more in the data analytic side.

Aniket Redkar: Okay, okay, and Sir, as you see that the employee cost is also rising. So, what are your views based on this employee costs.

Tej Soni: So, mainly the employee costs is rising because we investing in new development, you know, as you've seen an Emporio do with the scale of employer is difficult to imagine, think about every make every model in the Western world, that will be on a platform which no other company is even close to building out so that build out will continue to bear on costs. Plus, as we do the virtual reality that's a very very high-end technology platform we will see additional investments going into that. But I can assure you that once those products are, you know, fully mainstream the returns are going to be in.

Sanjay Soni: So our head count is not very high and we are very choosy when we are adding people because being a product company we just can't take anyone, so we add people we pay them very well. We have a lot of our employees who have been with us for more than 10 years 15 years. So we have a core group of very dedicated employees. And we reward them when, and that is why our attrition is even today lower than the industry average. And our results are worth a lot because we give it a 10 rupees. And definitely It is very good for the employee.

Aniket Redkar: Okay, okay, and sir one last question. What are your views for the coming years in terms of the top line and they become margin.

Sanjay Soni; We can look at like Tej said said 30 to 40% growth on the top line. That's what we are looking at our growth targets are higher but I would like to be conservative on the call EBITDA margins will improve definitely, as compared to last year, as the last year as only 22% and my we have 17%.

Aniket Redkar: Okay Sir, Thank You.

Sanjay Soni: Thank You very much.

Danish Reza: Neha Sharma, please put your question forward.

Neha Sharma: Good evening Sir, I have a couple of questions. So my first question is about the competition that we have in India, as well as around globe. So who will be our top competitors.

Tej Soni: So it depends on the product group as far as content is concerned, we have one competitor in US was mainly US focus but they're a much smaller company. Globally, so our positioning is as a global content provider, as I mentioned earlier, we have two studios between Los Angeles and in Belgium. And we've also built our own technology for laser scanning CGI, and CAD. There we have zero competition in the content space, some Indian companies create content for the local market but we don't really consider them as competition because we don't lose too much business in India. So on the content side, there is no competition. And that remains our strongest point and, you know, we keep growing that. On the digital retail, as you can see this, plenty of competition in every market. So, but, whichever market we operate in we lead because of the depth of our platform and we've been doing it for 20 years so it's pretty much an expertise, and the domain expertise. Definitely is something that customers look for when they work with us. And as far as the data analytics is concerned, we built the only platform today available for automotive retail. There are competitors coming up, it's actually good to have some competition there because it expands the market. More people are aware of it, but we try to be unique and each category and create a proper differentiation, when we go into the market.

Neha Sharma: So as of now is it safe to say that we don't have a lot of competition in the industry.

Tej Soni: Yes, especially in content, there is no competitor to his Izmo when it comes to global contact and in like I said in digital retail this fair amount of competition but we hold our own in the digital retail platform on the analytic side, we have I say two competitors in the US, it's not too many. So we are very different than the usual Indian companies who are, you know, outsource based who will do development on demand. In our case, we develop our own products we invest in it and take it to the market. So, that product development cycle is the Genesis where we make sure that we create products where there is a niche, open for us and there's not much competition. So it starts off right from the product design phase.

Neha Sharma: So, sir then it's again safe to say that we have recurring client. So a lot of our revenue will be generated from the recurring clients that we have.

Tej Soni: Most of our revenue is actually annually recurring revenue subscription based, and in the content side. Our attrition is about 2.5%, very low, because once somebody is on the platform they never leave and we've had clients with us for 15 years are on our platform on the digital retail, we have a higher attrition of about seven to 8% with again long standing clients on the CRM side, we have zero because we are the standard first Stellantis. And on the data analytic side which is pure recurring revenue I think we have about 3.5 to 4% turnaround.

- Neha Sharma: But still we do plan on getting new clients every year right so like how, like what percentage of clients do we add every year.
- Tej Soni: Umm, it depends in the content space will have about 20% addition in net land addition, but they're all bigger clients in terms of number of clients so for example we talking to the largest e-commerce company in the world to work with us on creating using our content for their platform I can obviously name them because they're not, it's under confidentiality. But on the analytic side will double our client count this year.
- Neha Sharma: Okay, so my next question is regarding margins. So do we have like different margins in different regions of like an US and Europe are the same across every where.
- Tej Soni: It does actually depends more on the product group rather than the geography. So content is our largest contributor to the profit margin because of the exclusivity that we have. And they have the margins are up to 70% for the retail platform, it's lower, which is about 15%. and then on the analytic side, it's a little higher, so it nets out at a little lower.
- Neha Sharma: Okay, Sir the long-term borrowings, so this year have reduced. So what has been the source of the payment like has it been internal approvals or.
- Sanjay Soni: Yes, we have no debt in India. Now, I mean no long-term debt so it's all been through internal approvals, and was a conscious decision to become debt free because it's a high cost debt and we wanted to get it out from the Balance Sheet as soon as possible and we have been able to do that.
- Neha Sharma: Okay, sir my last question is about acquisition, so do we plan to acquire like what like because we're expanding in the US, and has competition there do we plan to acquire those companies or any acquisitions in mind that we have.
- Tej Soni: We are constantly looking at targets, and we looked at a few. In the last year. And, but with the way the markets are moving we felt it safer to wait because evaluations are all coming down. And we continue to look at options as I think several attractive targets coming up. And if we find something that, you know, means that acquisition criteria basically we look at either adding market share or a gap in our technology. We definitely take it up.
- Sanjay Soni: In fact, we had signed a term sheet with this acquired a small company but when we did the due diligence we found a lot of things were not to our liking in terms of technology and what they promised about client stickiness and so then we backed out we didn't go forward because it did not really look like adding value to the company in the long run, so we just walked away from that. So unless there is serious value to be added in, like, Tej said in terms of technology or in terms of clients, and it comes at a reasonable valuation where we can actually turn it around by moving some of the work back here and then they bring the profitability, we will not just go in and do an acquisition just like that.
- Tej Soni: So, one of the things we look for acquisitions is when their cost basis is entirely in the US, and we can offset it by moving that development work to

India, and there's a lot of attractive mid-sized companies right now, we're, you know, very low margins because the entire development is done in us. So those are the kind of targets we look at, but it should meet the other criteria as well.

Neha Sharma: So sir as you have said, India as of now is not like our main focus but do we see expanding our business, the Indian any growth that we can see in India after a couple of years.

Tej Soni: Yeah the problem with India is that the car market has not grown as it was expected. Now having said that, we have a few Indian companies one of the major players come to us asking to license our technology to offer it to Indian customers we talking to them, we might decide, we have a small customer base in India very dedicated loyal customer base that works with us. But we've not gone all the way, because, you know, there's the budgets are not as big as the one would expect in the US. So it's a question of where is our maximum return so we are looking at India, but right now it's not the best.

Sanjay Soni: So, three years ago, or four years ago we were very strong in the Indian market. We had more than 250 customers using our digital retail products and then we had these new age companies what a lot of funding and they started giving ecommerce websites to them free. So now you can't beat free right then. It's no point, I mean they were not the dealers were not willing to pay even like 3000 rupees a month to drive traffic to their store, because they said oh I'm getting it free version free may will make you up within a little bit. So then we decided that was no point trying to put resources and manpower and try and get this business growing because you can't beat free. And now, most of these companies who were doing this I realized that it's not a sustainable solution, and they're struggling, but we will come back to this market once we see the market dynamics, or again conducive to customers paying for good product, where they can get a return.

Tej Soni: See the same dealer pays 3000, rupees a month in India, would pay equivalent \$3,000 in the US. So that's an arbitrage and that's what people.

Sanjay Soni: So it's better to put our focus and energy and time to get better returns on our capital as well as human capital, rather than trying to waste time and convincing Indian dealers to pay, you know, much less money. So that was a decision we made for years ago and then we didn't, but we still have around 70 customers who are very loyal who realize our products are very good and the stick with us even in India. So, maybe we've come back to this market. Once the shakeout happens and the dealer CSP want something really works.

Neha Sharma: Thank you so much. That's it from my side and good luck.

Sanjay Soni: Thank you.

Danish Reza: Mr. Amar Maurya

Amar Maurya: So thanks a lot for the opportunity sir, couple of questions from my side. Sir you said that like your next year when you are guiding for 30 to 40% growth. You said that media will grow by 20% Correct? yeah media will grow by 20%

and you said data analytics will double. So basically, I mean, how about the others, others are going to grow at what 25- 30% growth rate.

Tej Soni: So it's a proportional weighted is different right so based on the contribution to the overall revenue, we have different net result would vary.

Amar Maurya: For how the digital will grow.

Tej Soni: The Digital will grow approximately about 18% is what we expect. But we are looking at the major expansion into the OEM's, which is Stellantas and we're waiting for a contract which itself will double the revenue but we can't say anything till they sign. So, being ultraconservative, we would say that it would be 15%.

Sanjay Soni: See last two years we have spent a lot of time and energy with the OEM's, and because of CoVID a lot of decisions got delayed otherwise the big numbers would have come in earlier, but they have seen that we have stuck around we have been with them, even though the CoVID we gave support to their people in making sure that the products were running fine and they never had any downtime internally with product usage. So now they appreciate that and now they're talking of various, you know, more engagement with us in different areas. So, but we do expect good numbers coming from them but right now we can't quantify it it's a little too early, but to all the efforts we have done in the last three years with the OEM's and are now beginning to show results.

Amar Maurya: Okay. And how about this recurring services. What would be the growth for that and professional services.

Sanjay Soni: See, these are normally client driven so it's very difficult put a number we have some clients who want some, like, they want something developed we do it for them and that's it. So that goes into the professional services. Recurring services very small. It's a small part of the data. That's also great but again, as an overall revenue contributor these are not much,

Tej Soni: But our most of the revenues are annual recurring revenue (ARR)

Amar Maurya: Yeah, okay.

Sanjay Soni: It is difficult to quantify we rather focus on the three main divisions and that's where we really can't give visibility here.

Tej Soni: We have to clarify that revenue most of the revenues annual recurring revenue.

Amar Maurya: And secondly, sir, as you said that like, you know, interactive media is around 70% GP margin right.

Tej Soni: Yes.

Amar Maurya: Digital web services will be 50% ?

- Tej Soni: No, digital retail is about 15%.
- Amar Maurya: 15% and CRM and others would be, they're all there under the digital retail division.
- Amar Maurya: Okay, so, what will be the GP margin for those segments, data recurring professional,
- Tej Soni: They're all about 15%, so it offsets the higher returns on the contract.
- Amar Maurya: Okay. So basically, Sir then what I'm trying to understand here is that when you are guiding for the margin improvement next year. So your highest margin segment is going to grow it whereas you're guiding for a 40% growth, so then how the, basically, what do you say, you know, the, but then he was talking about like below the GP there.
- Sanjay Soni: Let me clarify Amar, when Tej said that we should add 20% he was talking about number of clients not revenue growth in India division, I think it was Neha or.
- Amar Maurya: oh yeah, I got that you were talking about customer growth at 20%.
- Sanjay Soni: Correct.
- Amar Maurya: So what will be the revenue growth in India?
- Sanjay Soni: See we can't point it that way, that's why we are saying it will be overall growth of 20- 30%. It's very difficult to predict what will happen in which division as of now.
- Amar Maurya: Yeah, I got that I got that why am I asking you sir because your highest margins I meant is interactive media licensing right, if, if the margin has to improve EBITDA margin has to improve ultimately it will flow from the gross margin correct.
- Sanjay Soni: True, One of our ideas to keep the costs in control as well, so that whatever top line accretion happens, it flows majority of it flows to the bottom line rather than it's not linear, as my revenue goes my course has to go because we are not a services company,
- Amar Maurya: Correct
- Sanjay Soni: So the idea is as we cross, an inflection point of revenues, we don't increase costs. So, there is a bottom line in creation there.
- Tej Soni: There is one clarification I want to give on the content side, we have within the content, and I was saying, the 70% margin comes from the core library licensing and within content we have products like the Emporio, VR, are there are classified within the same thing. Those products would have a lower margin because they are the growth, you know they just the emerging market emerging products, right, so overall it will balance out the core library will

remain the same, but the emerging products which are take sucking in a lot of investment right now, don't contribute as much to the net margin.

Sanjay Soni: So margin improvement will happen with increasing revenues and keeping costs under control. That's the basic idea.

Amar Maurya: Okay, so, so, I mean, even if what I'm trying to understand, sir. Again, like if, as long as your largest revenue contributing segment does not grow at a pace which you are guiding I think margin improvement will not come right.

Sanjay Soni: No, It's not correct.

Amar Maurya: Okay.

Sanjay Soni: If I grow, last year interactive media is 53% of our revenues it's that grows by 20% or 25. It's substantial, and that will contribute to bottom line. So, if you do a mathematical model, you can see the numbers, how will pan out. Especially if the calls don't add up in the same manner. Okay, there will be a minor accretion definitely.

Amar Maurya: Okay, probably, I will do and then I can come back

Sanjay Soni: Yeah sure, you can always interact with us anytime.

Amar Maurya: Secondly, sir. In terms of the product development cost you expense everything right to the P & L correct.

Sanjay Soni: No we capitalized also because not have a product development costs will the returns will come over the next five years in fact in Emporio has been in the works for the last three years and we have launched this year we expect revenues for five years so we have to capitalize some of the costs otherwise it will make our bottom line pretty low of being a product for us that's a major expense.

Amar Maurya: Okay. Okay, so like if I want to say like you know as percentage of revenue, how much would be every year, what would it be the product development costs. I mean, you may capitalize

Sanjay Soni: It would vary between 15 to 20%.

Amar Maurya: Okay, and what would be the amount capitalized in your fixed assets currently gross block.

Sanjay Soni: I will have to check that but I think we can share that separately, Rahul can send it to you, I don't have the number of hand.

Amar Maurya: I got it, and my last question is, sir you are a mixture integration company. Being into the business for so many years. And then, and we are talking about a substantial growth from here on. I mean, despite all that thing. If I see the promoter holding promoter holding had been only you know sub 30% kind of thing. So, any plans to increase because you know we are now at the inflection

point talking about the growth so why not promoter, you know, increasing the stake in the business.

Sanjay Soni: See we hold around 30% but we indirectly we have around 40% control through friends and relatives okay a comfortable with it. Whenever we could, whatever resources we had we have been increasing over the last few years. But I only get a salary sort of that whatever I can do I do, frankly, I don't have any other sources of income to go and buy my shares. Maybe, if you do a buyback in the future to help us increase our shareholding, that's something in the future.

Amar Maurya: Thank You Sir, this is all from myside.

Sanjay Soni: Thank You Amar.

Danish Reza: Mr. Darshit Lakhani.

Darshit Lakhani: Yeah am I audible. Yeah, I just want to know the standalone numbers of Frog data which we acquired. Like, I guess, one or two years back. Can you please guide me in terms of revenue from it.

Sanjay Soni: I can't give you the numbers of hand if you send me a mail to the whole then we'll share the numbers separately, will have to get those out and send it to you separately.

Darshit Lakhani: But I guess that is the only one of the biggest revenue came from US, recurring revenue from the dealer.

Sanjay Soni: No, it's a very infact is the smallest division as of now, it's growing.

Darshit Lakhani: Okay, so what are the growth, and what is the growth rate of growing

Sanjay Soni: Nearly 100% there.

Darshit Lakhani: But who is the competitor in terms of growth.

Tej Soni: So in FrogData what we are addressing is the data analytics platform for automotive retail. It's a niche market. There is about two competitors who have similar products, but we're the only product, which integrates different databases within the dealership. So, it's not a very competitive market, but the market is expanding.

Darshit Lakhani: Okay and, to my knowledge, we have sold the ammunition business depends on right.

Sanjay Soni: We never got into it, because we would never raise the funds for it. Most of our shareholders that time said no, it's a risky venture together defense so we dropped it a long time.

Darshit Lakhani: Okay. And Can you just guide on EBIDTA margin for atleast next five years:

Sanjay Soni: World is very uncertain to give a five years visibility.

Darshit Lakhani: Next, two years or three years?

Sanjay Soni: We will see a good improvement in that. Definitely a good improvement in terms of new revenue like Tej already said we're looking at 30 to 40% growth. That's our target, so we hope to achieve that if everything remains normal, and there's no fresh disasters waiting to happen.

Darshit Lakhani: Okay, that's it from my side. Thank you very much.

Tej Soni: The one thing I would like to end with is that online retail is the way the automotive trend, which is not, which is on globally. Everybody's trying to sell online so you might have a lot of the companies in the US car one and all of them. And because of that demand, it automatically gives us a tailwind, because we are well positioned with the content and all the other products. So we are very optimistic cautiously optimistic that this trend will continue and we see no reason why there's going to be anything after CoVID people have gone into touch less contact less business models, which is online and that's the business we are very good at

Darshit Lakhani: Just last question from my side, okay, actually my dad holds Izmo shares which is more than from couple of years, I guess three years atleast., I would be happy to see the promoter raising that stakes. I got the answer. earlier,

Sanjay Soni: We will try our best we would also be happy.

Darshit Lakhani: Thank You

Sanjay Soni: Thank you.

Moderator: Thank you. Ladies and gentlemen, this was the last question for the day. I would now like to hand the conference over back to Mr. Sanjay Sony for closing comments. Thank you.\

Sanjay Soni: Thank you very much everyone for joining our maiden conference call. we hope that it was informative and enlightening for all the participants, and we are working very hard to improve the company's performance even more and I thank the entire team of Izmo for the untiring efforts, hard work and dedication, which has driven the company forward through various market conditions. Also I appreciate all of you for participating in our conference call. Please do get in touch with the investor relations team for any further questions. On behalf of Israel limited. that concludes this conference, thank you very much for joining us. Have a good evening. Take Care.