

**November 23, 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 November 12, 2024, November 18, 2024 and November 21, 2024, 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 Tuesday, November 19, 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**

**Sanjay Soni**  
**Managing Director**

**Encl: As above**

**izmo Ltd.**

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

www.izmoltd.com

CIN: L72200KA1995PLC018734



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“IZMO Limited

Q2 and H1 FY25 Earnings Conference Call”

November 19, 2024

izmoltd.

 **ADFACTORS PR**  
Knowledge-driven communications



**MANAGEMENT: MR. SANJAY SONI – MANAGING DIRECTOR – IZMO LIMITED**  
**ADFACTORS PR – INVESTOR RELATIONS – IZMO LIMITED**

**Moderator:**

Ladies and gentlemen, good morning and welcome to the IZMO Limited Q2 and H1 FY25 Earnings Conference Call. 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.

As a reminder, all participant lines will remain in a listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone telephone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. Sanjay Soni, Managing Director of IZMO Limited. Please go ahead, sir.

**Sanjay Soni:**

Thank you. Good morning, everyone. I would like to wish you all a very warm welcome to IZMO Limited's Earnings Conference Call for the quarter and half year ended 30th September 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 today Adfactors, our Investor Relations team. I trust you all would have had the chance to go through our investor presentation and results published on the website and stock exchanges. I would like to start with a quick overview of our company and some key recent developments, before getting into the business and financial performance.

Brief background about the company. As you might be aware, IZMO Limited is among the leading software product companies specializing in the automotive domain. Our operational footprint encompasses offices in San Francisco, Chicago, Paris, Brussels, Los Angeles and multimedia studios in Los Angeles and Brussels. We also have a presence now in the UK. Over the last two and half decades, we have gained prominence as a provider of innovative software solutions for the automotive industry. Today, we have thousands of clients in the US, Europe and India and with some of the top automotive manufacturers amongst our clientele.

Our business can broadly be categorized into three core divisions. 1. IZMO Studio – Interactive Media Solutions 2. IZMO Auto – Digital Retail and CRM Platform 3. FrogData – AI and Data Intelligence Platform. IZMO Studio with studios in Los Angeles and Brussels leads globally in automotive imagery, licensing the world's largest image library to top clients like Hertz, Avis, Europcar, Arwal, Edmunds and MSN Autos.

Cutting-edge laser and CGI technology drive our innovative digital retail solutions. Our interactive CGI product, IZMO Emporio, a 3D virtual showroom for dealerships, portals and retail apps, has earned industry-wide recognition. Recent clients include Ford, Peugeot and Renault. Developed in-house, it exemplifies the Make in India initiative. Building on this, we are developing virtual reality products that merge digital retail with physical experiences, offering immersive customer engagement.

With VR gaining traction in the global markets, VR software is a highly underdeveloped market with huge scope for expansion. IZMO Auto is a digital retail and CRM group operating in

France, the US and India. It leads in France, serving major dealer groups and OEMs with steady growth. A new Spanish-language platform for the US caters to the growing Hispanic market. We have a Spanish-only auto portal in the US called [www.autogozo.com](http://www.autogozo.com) with 2,000 plus dealers signed up on it. The portal targets the USD220 billion Hispanic automotive market, positioning it as the base for our US expansion.

Our CRM products are now mandated by Stellantis for European after-sales, with a multi-year contract and expansion planned across all brands. We also have IZMO Consulting in France, certified by the French government for reimbursed training for automotive dealerships. Clients include Stellantis, Renault and large dealer groups, and we have a lot of plans for growth of this division.

Frogdata, our AI and data intelligence division has led the way in AI-driven decision analytics for the automotive industry. After seven years of investment, it now delivers millions in additional profits to thousands of dealers, showcasing the power of AI for performance optimization. Current products include FDAP, which is the Frogdata decision analytics platform, Warranty Boost, which is service analytics with warranty uplift, Warranty Mind, which is AI for warranty claims administration.

Frogdata's products are well-received, and the division is growing substantially. This market has driven investments in sales, engineering, delivery and marketing. New AI-driven products for vehicle pricing and predictive service upsell are planned for release soon.

Coming to some key recent developments. We have made remarkable progress in the first half of the year, building on the strong momentum from the previous year. Despite headwinds from global economic fluctuations and geopolitical uncertainties, the company has not only maintained its growth trajectory but also expanded its market presence. The automotive industry's chip shortage, which caused significant disruptions in 2022, has also eased, further supporting the industry's growth this year.

Our client roster continues to grow tremendously, with significant additions in the US as well as European markets. Adoption of our FrogData AI suite of products is the highest as it gains popularity among several existing as well as new users. A major highlight of the year so far has been the acquisition of Geronimo Web, a UK-based leader in digital marketing solutions for auto dealers and OEMs. This acquisition has expanded IZMO's client base across Europe and Latin America and positioned the company among the largest automotive digital platform providers globally.

The integration of Geronimo Web's expertise and client portfolio enhances IZMO's value proposition in the automotive marketing space and significantly broadens its market reach. The move brings Ford into our client roster, and we aim to cross-sell many of our products to this automotive giant. Another important development was the commencement of operations at the facility under our subsidiary IZMO Micro Systems, Pvt. Ltd. IZMO Micro focuses on EV technologies, reflecting our strategic diversification into the rapidly growing EV sector.

The cutting-edge system-in-package SIP manufacturing facility in Bangalore is designed to produce high-performance SIP solutions for industries such as automotive, consumer electronics and telecommunications. The investment in the SIP facility positions IZMO as a key player in the global semiconductor supply chain, showcasing the company's commitment to technological innovation. We have already started working with an automotive player for this and are in talks with many others. This quarter reflects revenue coming from this new line of business as well.

A major prior milestone was our expansion into the US Hispanic market through the launch of the Spanish language portal mentioned earlier. This strategic move enables us to tap into a growing demographic and strengthens our position in North America. Another notable achievement was our partnership with Stellantis, one of the largest global automotive manufacturers. Stellantis chose IZMO CRM's product for its European after-sales operation and we are seeing good traction from the CRM rollout across Stellantis' entire European network.

While we operate in a highly competitive environment, the company is leveraging its deep domain expertise to stay ahead in product development and market positioning. Its integration with major data systems in the US automotive ecosystem, including DMS, CRM, IMS and digital retail platforms gives IZMO a significant advantage. This integration allows us to offer comprehensive data-driven solutions to automotive clients, helping them optimize their operations and improve business outcomes.

Now turning to our financial performance, second quarter, that is Q2 FY25. We reported INR58.55 crores of revenues during Q2 FY25 with 30.83% year-on-year rise. Revenue growth is driven by expanding clientele across the US and Europe, supported by higher sales prices. We added about 100 new customers in the US and 40 in Europe during this quarter alone.

The quarter also saw the commencement of revenue from our subsidiary IZMO Microsystems. Our EBITDA excluding other income from the quarter stands at INR9.49 crores, growing 4.85% year-on-year while EBITDA margin is 16.2%. Continued investments in our talent pool, which is our greatest asset, has had a bearing on the margin.

Our PAT during this quarter is INR29.9 crores against INR5.12 crores in the second quarter FY24. This includes a one-time gain from exceptional items which are the proceeds from the sale of a property. PAT margin stood at 51.07%, higher by 3963 bps. EPS for this quarter is INR21.14. Coming to the half year FY25, we reported INR106.13 crores in revenue during H1 FY25, a 23.06% year-on-year rise.

Our EBITDA excluding other income for the half year grew 8.42% year-on-year to INR18.79 crores while EBITDA margin is 17.70%. Our PAT during half year is INR35.93 crores against INR10.13 crores in H1 FY24. PAT margin stood at 33.86%. EPS for this period is INR25.40.

That is all from our side. We can now take questions.

**Moderator:**

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question comes from the line of Sudhir Bheda from Bheda Family Office. Please go ahead.

- Sudhir Beda:** Good morning, sir. Congratulations on a good set of numbers. See, my questions are threefold. First, FrogData growth is, I think, muted in Q2. And I believe that it is seasonality and Q3 and Q4 are much better. But still, what kind of growth do you foresee in FrogData in this H2?
- Sanjay Soni:** In the second part of the year, we are looking at around 25% to 30% growth. Because normally the business comes in in the last two quarters.
- Sudhir Beda:** As far as FrogData is concerned?
- Sanjay Soni:** Yes.
- Sudhir Beda:** Okay. And, sir, can you throw some light and quantify how the semiconductor business at Bangalore and then EV kind of foray which you are foraying into, that are progressing? And next year, shall we see the revenue coming in FY26? And if yes, then what kind of revenue we foresee?
- Sanjay Soni:** We are already, in fact, having started seeing revenues in the last quarter from this business. And this year, we hope to see revenues of around INR5 crores to INR6 crores before March, if not more. We are trying for more. Next year, we are looking at around INR30 crores to INR40 crores at least coming from this division. So, we have already signed up two large customers, both automotive.
- And we are talking to several more, including our biggest customers in France. So, we do see a lot of potential. Because hardware with software combination is quite appealing to many clients because it is a single source. And we are getting very good traction in this area. That is the reason why we decided to set it up.
- Sudhir Beda:** Great, great. And this quarter, I think, due to employee costs, our EBITDA is also muted.
- Sanjay Soni:** Yes, that is because of the Geronimo acquisition. The employee cost is still high. We are reducing it. We are rationalizing it. But it will hit us for another one quarter before it starts going down. Because these were costs in UK and other countries which we are now reducing over a period.
- Sudhir Beda:** Okay. But the incremental revenue will also help us in increasing the EBITDA, right?
- Sanjay Soni:** Yes, absolutely. Because the revenue is also kicking in. But since the costs were high, high-cost base, the cost reduction can be done over a period of time. It cannot be done overnight. So, we have started the process, and we are doing it gradually. So, by the March quarter, you will see very good results from that division coming in. Positive. So that will definitely add to the EBITDA.
- Sudhir Beda:** So that's all from my side. And sir, thanks for the opportunity and all the best.
- Sanjay Soni:** Thank you very Much.
- Moderator:** Thank you. The next question comes from the line of Jinesh Shah, an investor. Please go ahead.

**Jinesh Shah:** Thank you for the opportunity. Sir, in the last conference call, we spoke about divestment of FrogData and tentatively management has also set up a timeline by December and most likely this divestment of FrogData will happen. Will you please elaborate what is the status as on today?

**Sanjay Soni:** We had done a lot of work on that. But what the feedback we got from the market was that FrogData size-wise was quite small. And that's why the valuation we were getting was not in line with our expectations. We are looking at 60 million to 80 million whereas they were offering 40 million to 50 million. And the feedback we got was if we are able to take FrogData up to 10 million to 12 million revenue, then the multiple can be much better. So, they asked us to wait and come back after say a year or 15 months and then get a much, much better multiple on the valuation, on the revenue.

So that is what we decided, that we will wait till we achieve a figure of 10 million, which should be in the next say 9 months and then we will hit the market. That also attracts a much bigger kind of PE players when the turnover is big, and they can invest at 25 million for 25%. Then we attract a much better class of investors.

So, a lot of them suggested that come back to us after a year and we will definitely be very keen to invest at a much higher valuation, but we need a bigger chunk in terms of investment. So that's why we have put it off for some time because it made sense to us that we should get better value. Why dilute at this point when we don't really need the money urgently. We have enough liquidity in-house to manage our growth for the time being.

**Jinesh Shah:** Sir, as you are venturing into the semiconductor business, will you please elaborate what kind of capex you are planning to do this year and next year?

**Sanjay Soni:** This year we are planning around INR5 crores and next year similar amount. So, we are not looking at a very large capex. It's not required. Because what we are doing is very specialized System-in-Package (SiP) technology which does not require very large investment but more of technology driven rather than capital intensive. So, we are focusing on that business which is much more IP related business and that's what we are focusing on. And all the investment will be done from our own reserves. So, we don't need to borrow or do anything like that.

**Jinesh Shah:** Sir, are you planning to divest any non-core asset the way we have done in Q1-Q2 this year, any further plan to divest the non-core asset?

**Sanjay Soni:** Not at this moment. We have already done what we needed to do. We may do it maybe a couple of years down the line but right now we have nothing in the pipeline.

**Jinesh Shah:** Sir, Tesla is launching the driver-free car, the kind of automation what they are doing. So, are we into any kind of this business? Do we have any product line where we can contribute?

**Sanjay Soni:** We are working, we are doing an R&D on that. It's in the process but it is too early to talk about it. This is a very complex software; it requires a lot of CGI and other things. So, we are doing that, but it takes time. But yes, we are developing something on those lines along with one of the large OEMs. But we can't disclose more at this stage.

- Jinesh Shah:** And Tesla is not our client right as on today?
- Sanjay Soni:** No.
- Jinesh Shah:** What kind of spend have we done R&D this year and what is planned for next year?
- Sanjay Soni:** See, our normal R&D spend is INR20 crores-INR25 crores on an average. We always do that. So that is stable. Because we are always looking at new products, new technologies and that remains. Now as the turnover keeps going up as a percentage, the R&D spend will come down. That's the whole idea. So, we are trying to increase the topline as much as possible, so that the R&D spend as a percentage keeps coming down. That's what we have been doing. But the R&D spend is very stable.
- Jinesh Shah:** Sir, the company has a very strong balance sheet and continuously generating positive cash flow. Is the company going to do any kind of buyback in terms of rewarding shareholders in the year?
- Sanjay Soni:** Buyback is not the right utilization of the company's funds. We have done one acquisition this year using our own funds. We are looking at other opportunities. We are looking at growth in semiconductors. So, there are many other more areas to invest the capital rather than do a buyback because we have opportunities.
- Jinesh Shah:** Sir, any growth guidance have we set up for the next 2-3 years?
- Sanjay Soni:** We are looking at around 25%-30% growth year-on-year average. We hope to achieve those numbers.
- Jinesh Shah:** Thank you for the opportunity.
- Sanjay Soni:** Thank You.
- Moderator:** Thank you. The next question comes from Rahul Dohare, an investor. Please go ahead.
- Rahul Dohare:** Hi, thanks management. Congratulations on a great set of numbers. You have answered pretty much most of the questions that I had largely on the employee cost increase because of the Geronimo acquisition. Can you also share what was the revenue contribution from Geronimo? On the IZMO Micro side, you have already given the potential revenue contribution next year. Can you also tell us about the gross margins you expect to get from the IZMO Micro?
- Sanjay Soni:** Thank you, Rahul. Geronimo's contribution is around a couple of crores for the last quarter because most of their contracts are annual contracts. There is a lot of annualized revenue, but it is built monthly. In a 12-month period, we are looking at around INR30 crores of revenue to come from there, INR30 crores-INR35 crores in the next 12 months. And it is growing because we are looking at getting some very large contracts in Geronimo which we have been helping them to target.
- In the IZMOMicro, we are looking at gross margins of around 30%-40% at least. Till now, we feel that it is quite doable because like I said, this is an IP-based model. It is not just EMS or



very low-end electronics manufacturing. So, we are in a very specialized area where we have gone into, and we look at at least a 40% gross margin.

**Rahul Dohare:** Just one more question from my side. On the warrant conversion, you earlier said you eventually want to increase your promoter holding to close to 40% by the end of this year. Is that still on track?

**Sanjay Soni:** Yes, we finished. We paid for the warrants, and it was allotted in the last board meeting. So, all warrants have been converted.

**Rahul Dohare:** As for the last update, I think the promoter holding will go up to about 35%-36%. Is that the maximum or can it continue going up?

**Sanjay Soni:** We look for opportunities to increase it further. I need to also have capital to buy. The question of that as well.

**Rahul Dohare:** That's all from my side. Thank you very much. Thank you.

**Moderator:** Thank you. The next question comes from the line of Raghav, an investor. Please go ahead.

**Raghav:** Hi, good morning, sir. Thank you for the opportunity. I'm sorry if I missed this, but I just want to understand, what is the other income reported in the quarter comprise of?

**Sanjay Soni:** We sold one of the companies' land and building, for INR31.5 crores. So that is the other income, most of the other income. The rest is we file claims against people who are using our images illegally or without permission or without paying us and that income comes from there as well, some income. But majority of it is the sale of the company's property.

**Raghav:** Understood, sir. And my second question is if you could just shed some light on the kind of products we are building under IZMOMicro and like are they client specific products, are they industry generic products and what purpose do they address? If you could just shed some light on those products.

**Sanjay Soni:** We are doing a lot of products like a tyre pressure sensor we have designed for our client. It is of course specific to the client, but it can be modified for use with other clients because each company's requirement is different depending on their electronic system. But we are designing such kind of products using SiP. Because in SiP you can actually combine similar technologies like digital and analog onto a simple single platform which otherwise you can't do on SoC. So, with this flexibility we can actually do a lot of innovation and give them products which are not possible so easily. So, we are working on similar areas.

**Raghav:** Understood. So essentially please correct me if I am wrong, but not just limited to the EV side of...

**Sanjay Soni:** We are looking at regular automotive as well as EVs. It's basically the entire automotive domain, not only EVs.

**Raghav:** Understood. That's all from my side. Thank you.

- Sanjay Soni:** Thank You.
- Moderator:** Thank you. The next question is from the line of Prashanjit Paul from Paul Asset. Please go ahead.
- Prashanjit Paul:** Good morning sir. Congratulations for the good set of numbers. I just wanted to understand the competitive intensity of your products, like what kind of pricing power you enjoy or what kind of pricing hike you conduct like every year. What kind of pricing hike you conduct without losing any kind of customer. If you can tell me on that front.
- Sanjay Soni:** Sure Prashanjit. So, in each division we have different competitive dynamics. So, like in IZMO Studio we hardly have any competition. In the US we just have one competitor. In Europe we have no one. So, we have a lot of pricing power in that and we have been increasing every year the fees we charge for the images by nearly 15% to 20% year on year basis because we have pricing power.
- On FrogData also we are hiking prices because again the dealers are seeing the returns are very very significant compared to what they pay. So, we have been hiking there also by nearly 25%. On IZMO Auto definitely we have a lot more competition whether it's in the US or Europe. So, there we have to be very mindful of the pricing and we normally don't increase more than 5% to 10% year on year.
- Prashanjit Paul:** Okay thank you. So IZMO Studio or Frog Data so do you see like competitors are coming in because at some point of time maybe competitive intensity must increase and if that happens so do you have any kind of patent or any IP for your products or software?
- Sanjay Soni:** In IZMO Studio all our products are copyrighted. So that's why a lot of people are paying us penalties for not using them legally. So, we are going after very big companies. We have collected a lot of money in the past and we continue to do so. So, it's not easy and if you have to create the library what we have every year it has to be upgraded. So, you have to bring in the cars into a studio, photograph them, do the post production and then image is ready for studio quality as what the OEMs or dealers require. It's not easy.
- You can't just take a camera and do it in a parking lot. So, there is a huge entry barrier there which is the reason why, a lot of our customers say we will do it ourselves and then they give it up. That it's not, it's too expensive, it's not worth it, it's better to just license the images from IZMO. So nearly every car rental company, these are big companies, billion-dollar companies, they prefer to buy it from us rather than trying to do it themselves.
- Frogdata, we currently don't have serious competition. It will come but we have enough of a head start, we have enough of a dealer base, we are already innovating, we are adding more products to our product line up. So as long as I continue to provide value to the dealer and show him that the ROI on the investment in our products is much higher than what he is investing, I don't think we have an issue with the competition.

Because we are not resting on our laurels, we are not complacent, we are continuously doing R&D to think of what next can we bring to the dealership. That's one of the main reasons why we have survived for more than 25 years in this business.

**Prashanjit Paul:** Okay, that's nice. So out of all the business divisions, which division do you think has least amount of competitive advantage or least amount of entry barriers are there?

**Sanjay Soni:** As of now, FrogData, we don't have real competition and Izmostudio, both of these.

**Prashanjit Paul:** Okay, I was asking for the least entry barrier, I mean for any competition.

**Sanjay Soni:** That is Izmoauto, which is the CRM and the online retail.

**Prashanjit Paul:** Okay, thank you. That's all from my side.

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

**Sanjay Soni:** Good Moring Akash.

**Akash Sharma:** Hi, sir. I have a few questions. I guess you are looking to acquire Geronimo. So, I wanted to understand what are the synergies that you are expecting from that acquisition and how will that impact our revenue and profitability?

**Sanjay Soni:** We completed the acquisition in June, actually. So, they have a similar platform like ours for automotive retail, but they have a good OEM client base, which especially Ford, and they are present in the countries we are not present. So, they are in UK, they are in Brazil, they are in Argentina, they are in a couple of other countries where we are not there. So, it brings us, first of all, Ford as a client, and second, we get these geographies into our geographical spread.

Plus, it gives us a lot of opportunity to sell our other products into these clients. We are looking at around INR30 crores to INR35 crores turnover coming from Geronimo in the 12-month period. Since the acquisition was done June end, we will only get nine months of that. So, we will lose one quarter. And then, we hope to achieve profitability by next quarter in Geronimo, because there were a lot of costs which we are cutting down, and it will turn profitable by next quarter.

**Akash Sharma:** Okay, sir. And, in addition to geographies, will there be any new market segments or industries that we will cater to?.

**Sanjay Soni:** Same automotive It's, again, automotive focused. So, the market segment is the same. It's mainly geographies.

**Akash Sharma:** Okay, sir. And, sir, what will be the cost of acquisition?

**Sanjay Soni:** We haven't disclosed that yet, officially, but it's a few million dollars so

**Akash Sharma:** Okay. And, sir, coming on to IZMOMicro, what is our investment in IZMOMicro as of now? And what is the kind of ROI that we are expecting?

- Sanjay Soni:** We have invested till now around INR5 crores. And, ROI will start from next year because this year is mainly set up and getting the clients in. So, from next year onwards, we expect good ROI to come in from that business. It takes a year for the business to mature, minimum, but we are moving very quickly, and we hope to be seeing a positive ROI by next financial year.
- Akash Sharma:** Okay, sir. And, sir, lastly, as we will make profits in the next year, what is the revenue contribution that we are expecting from IZMOMicro?
- Sanjay Soni:** I answered this earlier. So, this year, we are looking at between INR5 crores to INR10 crores and next year between INR30 crores to INR50 crores.
- Akash Sharma:** Okay, sir. That's all from my side.
- Moderator:** Thank you. The next question comes from the line of Anil Nahata, an investor. Please go ahead.
- Anil Nahata:** Good morning, My question is, in this particular quarter, Q2, how much of the Geronimo revenue was consolidated?
- Sanjay Soni:** It was around INR2.69 crores.
- Anil Nahata:** Okay. So, this is the run rate that we can take for the Geronimo revenue for Q3 approximately give or take something more?
- Sanjay Soni:** No. It will be much higher because what happens is they have accrued revenue which is recognized only month by month. So, there will be bigger numbers coming next quarter and then further in the March quarter.
- Anil Nahata:** Fair enough. So, basically, what I understand from the last question is you expect the run rate to go to INR10 crores a quarter between INR25 crores to INR30 crores for three quarters. Is that right?
- Sanjay Soni:** Yes, that's correct.
- Anil Nahata:** Okay. A second question is for this IZMOMicro, again a follow-up question. While you have invested INR5 crores so far, what is the total amount of investment you are looking at within a year period?
- Sanjay Soni:** Within this year, financial year, it's around INR10 crores totally. And next year, another INR5 crores.
- Anil Nahata:** Okay. So, that INR15 crores of capex will yield a top line of INR30 crores to INR50 crores is what you are saying?
- Sanjay Soni:** Yes. In fact, the top line capability after that will be up to around INR200 crores with this capex. So, we can go up to that. Because again, like I said, it's a high gross margin and a very specialized business. We are not doing the generic EMS electronic manufacturing. It's very specialized. So, here the IP is very high. So, like IZMO itself, we focus on high IP, high gross margin business.

We don't like to do very, very low-level business. So, that's why we have chosen a very niche area in semiconductors.

**Anil Nahata:** So, naturally one more thing will be that the EBITDA of this business is likely to be very high, much higher than the kind of EBITDA level that we are seeing in our current business, once the business stabilizes.

**Sanjay Soni:** It's difficult to say at this time, but there is good potential. So, yes, it can be higher if everything falls in the right place. And this time it's too early to say that. I would like to be a bit cautious. I don't want to overcommit at this point.

**Anil Nahata:** No, fair enough. Thank you for that answer. And the last question is on Frogdata. I mean, from the earlier calls we got an idea that Frogdata can grow between 70% to 100% year on year. But we have really not seen that kind of growth rates. Is it due to the lack of investment in the sales team or what is holding back that growth?

**Sanjay Soni:** We actually moved from a one-time billing to SaaS billing last year. So, even though we are adding a lot more dealerships, the numbers got hit. So, actual growth has been quite significant. But because we moved from a lot of one-time customers to SaaS, that has taken a dip in the short term. But we will see the effect coming up in next quarter and the following quarter. You will see the growth happening again very rapidly. So, it is just a temporary dip because of the way of accounting, which was changed.

**Anil Nahata:** And Sanjay, a couple of quarters back, you had said that you will be happy to disclose the SaaS metrics as we go forward. Do you think this is the right time to do that disclosure?

**Sanjay Soni:** We will do it in the annual call. By then, we will have a good listing of the SaaS numbers, and a few months would have elapsed after moving to the SaaS, this thing in FrogData. So, when it is the annual numbers and the annual call, we will disclose all the SaaS metrics. That will be the good time.

**Anil Nahata:** Okay. Thank you so much. All the best.

**Moderator:** Thank you. The next question is from the line of Mangal Jain from Sonigra Investment. Please go ahead.

**Mangal Jain:** Regarding your semiconductor business, what I understand from the discussion, you are in system packaging not the chip packaging. So, my next question is, in SIP right now, you are focused on tyre pressure sensors. So, new automotive products.

**Sanjay Soni:** That is one product we have done, but we are working on several other products which are going in different areas. And system packaging is actually not system packaging. It is System-in-Package. When I say System-in-Package, we are talking of packaging a chip with a lens, with a sensor, all in one package. So, chips are part of it. Its high level rather than the silicon level)

**Mangal Jain:** I am from semiconductor. I have supplied to semiconductor industry, so I understand everything.

**Sanjay Soni:** I am sure you do.

- Mangal Jain:** So, for connected cars, apart from tyre pressure, there are so many other sensors in connected car as a feature correct? So, are we looking at that?
- Sanjay Soni:** Yes we are looking at that. That is why I said we are working with a couple of large OEMs on these areas, but it is too early to disclose any more information. But that definitely is a big area for us.
- Mangal Jain:** I am invested in KPIT. So, they do a lot of IP for connected cars and autonomous driving. So, autonomous driving may not be allowed immediately, but connected cars and collision prevention, so many other sensors are coming into the picture.
- Sanjay Soni:** You have ADAS 1, ADAS 2 now, you have a lot of development happening there. I don't think anyone is looking at autonomous driving for India. It is not practical.
- Mangal Jain:** It is not for sure coming in our lifetime atleast.
- Sanjay Soni:** Internationally, there is a lot of scope for autonomous driving in many countries where the population is not so high, and it can really work. So, we are not really looking at India as a market when we talk of these technologies.
- Mangal Jain:** But prior to that there are lot many sensors and electronics which are being used by advanced car for accident prevention many things advanced safety and all that. So are these things in the pipeline.
- Sanjay Soni:** Yes
- Mangal Jain:** I am in Bangalore during 26 27 28 maybe I'll try to meet somebody from your company. Thank you so much.
- Moderator:** Thank you, the next question comes from the line of Brijesh Parikh an investor please go ahead,
- Brijesh Parikh:** Hi, good morning. thank you and congratulations on good set of numbers I have a few questions one is that we have been expanding in various geographies and various regions and in various other industries as well, can you just throw some light in terms of how you are developing the overall organization to meet the growing demand and to meet the growing revenue which is going to come through all these verticals.
- Sanjay Soni:** **Sure we have** Like IZMOMicro, we have a complete management team which has been hired including product development, marketing, production. So it's a brand new team of people of course with a lot of experience more than 20 years -25 year's experience in similar technology in the various geographies like we had said we are using we are piggybacking on Geronimo's existing manpower and giving them more products to offer to their customers, so that the cost of sales is very minimal and we are not in where we don't have to invest in new infrastructure as they already have the infrastructure in place in many of these countries.
- So, we are trying to leverage whatever investment is already done and try and get better ROI and like I said again Geronimo also comes with a very good set of people who have been there with the company for more than 10 years and we're using their talent and trying to leverage that

to get better return on the investment we have done. So, we are definitely looking at human capital and that's one of the reasons why our employee cost went up because when we deploy human capital takes time for the ROI to show but it's a very important investment which will bring rewards in the long run.

**Brijesh Parikh** Okay, makes sense. I have a second question. In the past we have said that we have revenues coming in from Sony the gaming side of it. Are we still trying to focus our attention on that gaming industry and the gaming vertical because that's also a very fast-growing industry. Can you throw some light out there?

**Sanjay Soni:** Yes, we are still engaged with Sony. It's quite an intensive engagement and we are building up the team bigger and bigger for their requirement and till we are not able to meet Sony's requirement we can't even go to anyone. Like I said earlier it takes a lot of time for us to train a person to come up to Sony's standard of CGI so it's not an easy task. It's not something which we can do overnight, and we are trying to scale up to their expectations, but gaming is important in this thing, and we are focusing on that.

**Brijesh Parikh:** Okay, so can we expect a few more customers around it in terms of the industry?

**Sanjay Soni:** Not this financial year maybe next financial year. Like I said we still have to meet Sony's expectations itself. So, still not enough.

**Brijesh Parikh:** Fine, so and the last question this is a quite a generic question. Currently we are more focused on the auto industry with the kind of the product which we have. Do you think the same can be applied to any other parallel industry or are we thinking in that direction as well?

**Sanjay Soni:** We have tried that in the past several times to move into consumer products here there, but you see automotive is one of the largest industries on the planet and the cars are the same what you buy in US similar it's very similar to what you buy here or somewhere else. So as a product it doesn't change much whereas if you look at any other industry it changes very rapidly compared to the geography, compared to the demographics.

So, we have stuck to automotive because even in the automotive domain our penetration is still very low globally. We still have a lot of room to grow so it does not make economic sense for us to diversify into a different industry which we know very little of because here we have very extensive domain knowledge which we bring to the client. So, till we don't achieve a significant penetration or a saturation level we are not looking at any other industry for the time being.

**Brijesh Parikh:** Fair Enough, Thank you and all the best. Thank you.

**Moderator:** Thank you. The next question comes from the line of Akash an investor please go ahead.

**Akash:** Thank you for taking my question. Actually, just one question from my side. So, the EBITDA margins this quarter have taken a hit. I just wanted to understand how your EBITDA margins will look like over the second half of this year and then the margins in next year. How are we looking at the movement on these?

- Sanjay Soni:** Like I said EBITDA margins took a hit because Geronimo cost coming in. As we are rationalizing the cost those margins will improve, and their revenue also will kick in. So, we are definitely looking at going back to our last quarter or even last year's margins and improving on that in the next financial year. As all the businesses we invested in start generating profits. It will definitely improve our margins going forward. I don't want to give a number at this point but definitely you'll see an improvement.
- Brijesh Parikh:** Okay. That's all from my side. Thank you.
- Moderator:** Thank you. The next question comes from the line of Mehwan Kotwal, an investor. Please go ahead.
- Mehwan Kotwal:** Hi sir Good morning sir. Congratulations on the good set of numbers. My question was just related to the kind of growth both in terms of revenues and profitability that we could expect from FROG data and even assuming the situation that we further delay our fundraise, what could be fair assumptions for probably next year and the year after that?
- Sanjay Soni:** We are still targeting a 50% to 75% year-on-year for FrogData for next year and the year after that. The pipeline is very strong. We are getting very good traction with the clients. We are adding customers. So I think we should be able to achieve these kind of numbers.
- Mehwan Kotwal: What would the profit numbers look like because I think earlier in the call you mentioned that you probably are looking at 20%-25% kind of pricing increment as well as customers are finding value in the product. So, could you pour some light on the profitability?
- Sanjay Soni:** We don't do profit by division. We don't track it by division because a lot of costs are common. But definitely as we increase pricing, like I said, EBITDA margins should go up for the company because each division we are trying to increase pricing and improve the margins.
- Mehwan Kotwal:** Right. So, this growth that we are forecasting is without the fundraise, correct?
- Sanjay Soni:** Yes. This is organic.
- Mehwan Kotwal:** Great. Thank you so much and all the best. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, I now hand the conference over to Mr. Sanjay Soni for his closing comments.
- Sanjay Soni:** I thank the entire team of IZMO for their untiring efforts, hard work and dedication which drives the company forward. I appreciate all of you for participating in our conference call and I also would like to thank our shareholders for their unstinting support of the company since we have been listed. Please do get in touch with our investor relations team for any further questions. Thank you very much. Have a good day.
- Moderator:** Thank you, sir. On behalf of IZMO Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.