

14th November 2024

The Manager – Listing Department
National Stock Exchange of India Limited,
“Exchange Plaza”, 5th Floor,
Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051.

Symbol: VERTOZ

Series: EQ

Subject: Transcript of Earnings Conference Call held on 12th November 2024

Reference: Pursuant to Regulation 30(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of Q2 FY25 Earnings Conference Call.

We request you to kindly take the information on records.

**For Vertoz Limited
(Formerly known as Vertoz Advertising Limited)**

**Zill Shah
Company Secretary & Compliance Officer
M. No.: A51707
Encl: A/a**





“Vertoz Limited
Q2 FY25 Results Conference Call”

November 12, 2024



**MANAGEMENT: MR. HIREN SHAH – PROMOTER AND MANAGING
DIRECTOR – VERTOZ LIMITED
MR. ASHISH SHAH – PROMOTER AND DIRECTOR –
VERTOZ LIMITED**

MODERATOR: MR. SANJYOT BAVISKAR – ADFACTORS

Moderator: Ladies and gentlemen, good day and welcome to Vertoz Limited Q2 FY25 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sanjyot Baviskar from Adfactors. Thank you and over to you, sir.

Sanjyot Baviskar: Thank you. Good evening, everyone. A very warm welcome to our Q2 and H1 FY25 earnings conference call. To guide us through the results today, we have the management team of Vertoz Limited headed by Mr. Hiren Shah, Promoter and Managing Director, and Mr. Ashish Shah, Promoter and Director.

Before we begin, I would like to state that some of these statements made in today's discussion may be forward-looking in nature. The actual results may vary as they are dependent on several external factors. We will commence the call with Mr. Hiren Shah's and Mr. Ashish Shah's comment, taking you through the operation and financial performance, following which we will open the forum for Q&A. With that said, I would like to now hand over the call to Mr. Hiren Shah to share his comments. Thank you and over to you, sir.

Hiren Shah: Thank you and good evening, everyone. I would like to extend a very warm welcome to Vertoz's earnings conference call for the second quarter and half year ended FY25. Thank you all for taking the time to join us today. We have with us Ashish Shah, Director of the company, and our investor relationship team from Adfactors. I am happy to share that our latest results reflect a remarkable quarter growth in a key financial across all our businesses.

Before we delve into our quarterly performance, I would like to provide a brief overview of our company. Vertoz today is a new age tech leading player in AI-driven marketing technologies in India with a robust cloud infrastructure. We blend digital advertising, media, and monetization, what we term as a MadTech. With a digital identity and cloud infrastructure, our CloudTech solutions to offer cutting edge solutions. We have emerged as a leader in the integrated MadTech and CloudTech services, revolutionizing the global digital landscape. Since our inception in 2012, we have been instrumental in connecting advertisers and publishers through this innovative solution.

Starting with our MadTech segment, we offer a suite of tools designed to optimize digital marketing efforts. Our programmatic advertising platform uses automated systems and algorithms to buy and sell ad space in real time, allowing advertisers to target their audiences precisely and maximize their ad budgets. We also provide a demand side platform, which is called DSV, that helps advertisers purchase ad inventory from multiple sources through a single interface, offering better control over targeting, bidding, and budgeting.

For publishers, our supply side platform aids in managing and selling their ad inventory efficiently, helping them maximize revenue. Our data management platform, DMP, collects, analyzes, and manages data from various sources, improving marketing decisions and audience targeting for our clients. Additionally, our ad serving technology delivers and tracks ads across

different channels and devices, while our analytics and reporting tools monitor campaigns, performance, and define strategies based on data-driven insights.

CloudTech complements our existing MadTech media and advertising platform, creating a powerful combination. This integration positions Vertoz as the ideal partner for businesses seeking to leverage both cloud and advertising services, significantly enhancing their reach. On the CloudTech side, we provide robust cloud-based infrastructure and services that enhance scalability efficiency for digital operations. Our cloud solution includes scalable infrastructure for deploying, managing, and expanding applications and services without the constraints of physical hardware.

We offer big data solutions for managing and analyzing large volumes of data, which is crucial for informed decision-making and optimizing advertising strategy. Our cloud storage and backup solutions ensure secure data storage and protection. And our cloud integration services streamline workflows by connecting various cloud-based applications and systems. We also offer custom cloud solutions tailored to specific business needs, including useful cloud architecture and application development.

Our CloudTech strategy leverages cutting-edge technologies to provide scalable and flexible solutions for our clients. Our cloud-based infrastructure allows for real-time data processing and analytics, enabling clients to make data-driven decisions and improving advertising efficiency. Going forward, we continue to focus on technology and innovation and growing our business both organically and inorganically.

Adding new customers, increasing our wallet share with existing customers, and expanding to new markets are the key pillars of our growth strategy. As we look forward, we are excited about the future and remain steadfast in our commitment to delivering sustained value and driving further growth.

Now I would like to hand it over to Ashish to take us through the key developments and financial performance for the second quarter and half-year-ended financial year 25. Ashish, over to you.

Ashish Shah:

Thank you, Hiren bhai. Good evening, everyone. Vertoz is at the forefront of the Retail Media 3.0, optimizing data through our collaborative ad ecosystems. This initiative aims to deliver cost-efficient solutions by leveraging data and transactional insights, streamlining advertising efforts to maximize ROI for global advertisers, including corporates and media agencies. In Q2 H1 FY25, Vertoz marked several key milestones, reinforcing its position as a leader in innovative digital marketing solutions.

Moving forward to our financial performance, I am happy to share that we have achieved a strong quarter growth in terms of revenue and profits. The revenue from our operations for Q2 FY25 is INR63.65 crores, which has increased by 69% compared to the last quarter Q2 FY24, which was at INR37.66 crores, while our EBITDA margin for Q2 FY25 stands at 10.73%. Our profit after tax, PAT for Q2 FY25 reached INR6.57 crores, representing a remarkable 28% year-over-year increase.

Coming to first half of the year, the revenue from our operations achieved for H1 FY25 is INR123.82 crores, which has increased by 73% compared to the last year H1 FY24, which was at INR71.57 crores. The EBITDA margin stands at 12.73%, additionally our profit after tax for the half year amounts to INR12.30 crores, showcasing a significant year-over-year increase of 41.9%.

Vertoz saw significant growth in its balance sheet, company's net worth increased to INR175 crores and on September 24, while our cash-in-books, including investment, stands at INR12.5 crores. Our commitment to innovation continues to reinforce our market standing and provide lasting value to our shareholders. Our primary objective is to become a go-to partner for companies aiming to promote their digital presence and online capabilities.

We have already begun to seize the vast opportunities and meet the increasing demand. As evidenced by our recent performance, we are also exploring further expansion strategies to scale our operations internationally. We expect accelerated growth in the upcoming year. We appreciate your ongoing support and for being a part of our remarkable journey. Together, we look forward to reaching even greater heights. That concludes our updates, and we are now ready to open the floor for any questions.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Harsh Vora from DRChoksey FinServ and sir, please go ahead.

Harsh Vora: Congratulations for the result. Sir, I have two questions in particular. First one is if you can just throw some light on how domestic and international business has done during the quarter and how US as a market is panning out for you. Also, if you could just highlight the differences that you are observing in both the markets and if there are any new clients you have onboarded during the quarter?

Hiren Shah: Hello, Harsh. Thank you for coming. First of all, if you would like to know about a little bit on domestic and international businesses, we have roughly 80% business international and around 20% business domestic. About the US business expansion, definitely I would like to have Ashish to give comments on it. Ashish, sir, please.

Ashish Shah: Harsh, it's a really good question. Thank you for the question. Yes, especially for the US as a market, I would look at the entire North America as a whole market. We are looking to expand especially both the offerings of the MadTech and CloudTech. Especially under the MadTech, the kind of business which we are doing is the representation of the Asian publishers here in the Western market. It's something really gearing up for their business.

And especially from the CloudTech front, we are exploring various partnerships opportunities to represent those partners, especially the MSP services in the Asian market. Harsh, I hope I answered your questions.

Harsh Vora: Yes, sir. If you can just highlight about the clients, if there are any new clients that you have onboarded in both the markets, the client base, if you can just highlight that.

- Ashish Shah:** Yes. Especially from a client segment, there are a couple of clients which we are working towards. Currently, we are working on the likes of the banking clients, especially who are looking to explore in the Asian audiences. And similarly, the automobile clients. These are the two categories where we are getting a good exposure, especially for the Asian American audience segments.
- Hiren Shah:** And from a number point of view, Harsh, maybe we would have approximately 20 clients domestically and 30 plus clients in the international market.
- Harsh Vora:** Got it, sir. So, my second question is regarding if there is an update on your inorganic acquisition that you mentioned and what stage is this right now? And if you can just tell me about the CloudTech, how is it shaping up after our recent merger?
- Hiren Shah:** Sure. So, for inorganic updates, we have a very strong team which is working very efficiently, and they are talking to various different companies and the opportunities which is coming in our way. With the right time, we will definitely inform you or provide the information to the exchange about our inorganic related growth. Because, I mean, we are evaluating, we are talking, we are in a kind of a model where we do business, then we do strategic partnership, and then we think on further evaluating them to see that they can be a part of the overall group and contribute the growth. So, that is related to inorganic growth. When it comes to CloudTech, Ashish, would you like to answer this?
- Ashish Shah:** Sorry, actually I didn't get the question. What was the question with respect to the CloudTech?
- Harsh Vora:** Sir, in general, how is the CloudTech business shaping up after the merger, as a business?
- Ashish Shah:** Yes, definitely. So, I'll give you some clarity. So, the CloudTech business has been helping the foundation of the MadTech, which is your infrastructure. So, definitely the CloudTech business has helped us in two ways. One is helping our existing MadTech infrastructure business. That was the one step.
- And second one is with the CloudTech integration into the Vertoz group has helped us in opening up the doors with the existing clients of the MadTech and the CloudTech. So, it has given us both sides the advantage. One is from the infrastructure standpoint of view for the MadTech infrastructure, which we are running on a large-scale basis. And second one has helped us in terms of the various cross-sell and up-sell opportunities between both the clients.
- Harsh Vora:** So, very quickly, a last question. Everything is highlighted. Are there any reasons for the fall in EBITDA and PAT margins in Q2 and the fall in PAT margins in H1 in general?
- Hiren Shah:** So, Harsh, our current focus is to expand and grow our horizons. And, as you can see the numbers, you know, we also have increased our workforce, our people, and a lot of costs and a lot of investments are happening on that side. But, at a later stage, as what we have integrated both the CloudTech and MadTech, our overall ARPU will, average revenue per user of acquisition will definitely, acquisition costs will go down and the revenue per user will increase and that will help us in increasing the PAT in the future. I hope this answers your question.

- Harsh Vora:** Thank you so much.
- Moderator:** Next question is from the line of Prashant Kumar from Motilal Oswal. Please go ahead.
- Prashant Kumar:** Just looking at your numbers, firstly, I just wanted to understand, do we have any aspirations on our EBITDA margins? Because if I look at first half, it's about 14%. So, just wanted to understand directionally, if we have any aspirations on that.
- Hiren Shah:** Prashant ji, if I'm understanding, your question is that, why there is a decline in the EBITDA?
- Prashant Kumar:** I'll come to the decline. I'm saying directly, if you look at the first half, you've done about 14% EBITDA margins, right? I'm looking at the presentation.
- Hiren Shah:** First quarter, yes, correct.
- Prashant Kumar:** Right. So, for the full year, what do you think would be our EBITDA margins? Where would we close our EBITDA margins at?
- Hiren Shah:** So, see, basically, you know, while designing the product and the profits margin of each of the solutions or structure we provide the customer, we have internal guidelines to see that we reach to between 8% to 12% of a PAT margin and roughly 14% to 16% of a kind of EBITDA margin. That is what is our aspiration.
- And we want to remain in that particular range to see that we continuously grow. Because at this moment, our major focus is on the growth and expanding our reach to the Indian market and international market. So, that is the reason why this fall is there. But at the same time, we have aspiration to achieve this particular structure.
- Prashant Kumar:** Right. And if you could break that in terms of how much would be margin contribution from MadTech and CloudTech. So, in this 14%, in the 14 or 16% that you're aspiring, what would be the blended contribution from your MadTech and CloudTech?
- Hiren Shah:** Sure. So, if you look at the 14% to 16% is what is a blended. But definitely a MadTech service will contribute little more. But overall, both the businesses will have a similar kind of margin because we will have a reduction in acquiring customer and the overall ARPU will be high. So, for example, similar customer which is there in the MadTech sector will also require a CloudTech services. And the similar way, the CloudTech sector, they will also require a MadTech services. So, if we combine at the later stage in the future, overall margin will help us to remain in a similar line of that.
- Prashant Kumar:** Right. So, if I also look at, just coming to the P&L, if I look at your tax rate that you've been paying for the quarter or half year has been marginal. So, any particular reason or is the company accruing any kind of benefit?
- Hiren Shah:** Look, it's not about the company getting any kind of a benefit. But being our global structure of the businesses and subsidiaries across the globe, our overall business has been optimized. And we try and see that, what kind of contracts we are able to do at which country which helps us to

get the overall optimized tax structure, which helps us to, I mean, pay little lower the tax than what it is.

Prashant Kumar: Right. So, I said in terms of taxes that is being paid, it is less than a crore. And your tax rate that you paid is hardly anything. It's very miniscule.

Hiren Shah: No, I don't think it's very just miniscule, but definitely in quarter to quarter, different quarter will definitely have a different. See, if you look at a few of our businesses are seasonality business. So, for example, like a few of the businesses happens in a specific continent related to the festive or festivity related time. So sometimes it happens like we get a few contracts in a few of the countries which is better at the tax optimization. And sometimes we have an average, if you look at average tax structure, which has come in last 3 years, roughly around 19%.

Prashant Kumar: All right. So, I'm just looking at the numbers from the presentation. And it's INR0.62 crores. And you had a PBT of about INR30 crores.

Hiren Shah: What I can do, I can take this question offline and I'll have my CFO to answer you in detail exactly. I mean, what happened and what exactly we agreed on that. Right.

Prashant Kumar: So, just one last question. We have to take a few of the metrics into our projections. What, in your sense, would be those key metrics to look out for?

Hiren Shah: Key metrics to look out for?

Prashant Kumar: In order to break this into our projections, what would be those key metrics? Like one you said is your ARPU. So, how do we derive that? We just take the revenue divided by the number of clients. So, take a few of the metrics that you can.

Ashish Shah: So, yes, Prashant, so just to give you some understanding, how we internally calculate the KPIs or metrics within the organization. So, definitely recently integrated the CloudTech business into the Vertoz portfolio. So, we internally are working out certain metrics to be presented to give us the visibility. As of now, what we are doing is the distribution between the MadTech and CloudTech business as a macro level.

Gradually, we are working towards bringing certain metrics, which can be around the ARPU line. So, when we say the ARPU line is like the average revenue per user. For us, the kind of business where we present, there are two types of the users present. One is the partners with whom we work in this ecosystem, and second one is the direct customers. So, what we are trying to bring here is like, say, we will be having our certain metrics in the coming quarters, which will give you a visibility between the average revenue per direct clients, which is my B2B business, directly working with a business.

And second one is a P2P business, which is like a partner-to-partner business. So, this metric will give you much more clarity in terms of the number of clients proportionate to the increase in the number of clients, how the revenue will flow, and at the same time, what is the average revenue per partner or per direct customer, which we work with. Hope this answers your question.

Prashant Kumar: Just one last bookkeeping question. Your receivables have moved up quite higher. So, how does the billing actually take place from billing to revenue? Because you booked roughly around INR50 crores-INR55 crores of your receivables on a INR125 crores of revenue. So, how does this work and why is the receivable days on the higher side?

Hiren Shah: So, basically, as Ashish has mentioned, we have a P2P and B2B business model. So, when we talk about our majority business at this moment is on the P2P side, which is a partner-to-partner side. And so, when we say the partner, generally on the MadTech and the CloudTech, the partners are either an ISV or a kind of an agency, which works with the brand over there.

So, generally, with the agencies, 60-90 days is an average minimum timeline, which it takes to do the payment, but it reaches up to 100-plus days as well. And that is the reason why the debtors are much higher. So, we have started implementing an account receivables team, collection team to make sure that we try and achieve these days a little lesser and improve on this particular number.

Prashant Kumar: Fair enough. But roughly around 100 and I think 60 days, 44% market is coming from about 160 days is sitting in the receivable cycle. So, that is the reason.

Hiren Shah: See, basically, 60 days is a return date. I mean, that is a cycle, which they say, but it never comes in within 60 days. So, we give a leverage. And as you can see that on year-on-year, quarter-on-quarter, business has increased. And through that, overall data is also getting increased within the same fashion.

Prashant Kumar: Right. Fair enough. That answers my question.

Hiren Shah: Thank you so much.

Moderator: Next question is from the line of Aniket Redkar, Individual Investor. Please go ahead.

Aniket Redkar: Thank you for the opportunity. So, my first question is, what major trends are you observing in the AdTech industry, particularly with regards to this digital ad spend in your e-market? And how Vertoz is positioning itself within this evolving landscape? Can you throw some light on this?

Hiren Shah: Ashish bhai?

Ashish Shah: Yes, Hiren bhai. Let me take up this. So, definitely the factors, which are the key factors or key structure, what's happening, especially in the ad tech ecosystem. Definitely, as you must be aware of it, Google has recently planned not to go after the cookie deprecation. So, definitely around the cookie segment is something where the people are looking at from a technology standpoint of view. Apart from that technology side, if you look at the deliverables or channels within this ad tech, especially the connected TV or OTT is taking up a space really heavily within the ad spends for the entire ad tech ecosystem.

And apart from this, especially on other segments where we are seeing great growth, especially around the content marketing. So, these are the few factors where we see there are the

opportunities available. Again, to summarize, one is the technology front that has been cookie has not been getting implemented. Cookie deprecation is not happening no sooner. Second one is what we call the content marketing. And third one is around the CTV and OTT space.

Aniket Redkar: Okay. So, CTV, we are also working on connected TV ad spending.

Ashish Shah: Yes, that's true. Like if you have saw the show, looked at our last quarterly results, we have partnered with the largest connected TV players in the ecosystems to connect and help them to better monetize their inventory.

Aniket Redkar: So, how are we in terms of privacy regulation? How are we addressing the increasing this privacy regulation, particularly basically in the heavy market like EU and the US? So, in terms of compliance and maintaining the data security, what are the steps that we are taking into this?

Ashish Shah: So, we are fully compliant with the GDPR and TCF policies, transparency consent framework. So, both put together, we are fully compliant with that. So, in terms of the privacy, definitely as per the industry standards, whatever is required, we are implementing across the technology. And also, similarly, educating over the market - the client base around it, how to go about it with respect to the privacy being taken at the first foremost in terms of any campaign execution.

Hiren Shah: Okay, so, it's primarily tied with the policies, which has been present by IAB's and the different bodies across the globe.

Aniket Redkar: Okay, got it. And sir, one last question. Can you provide the details on this client retention rates and any new client acquisition during this quarter?

Ashish Shah: Yes, definitely. So, as Hiren Bhai earlier mentioned, we have acquired between 20 to 30 clients between India and the international market. So, definitely the client acquisition has been increasing day by day. And with respect to the retentions, definitely the retention has been great. It's all thanks to our customer service team, which has been working heavily with respect to making sure that the campaign deliverables or KPI's are meeting or exceeding the expectations of the clients.

Aniket Redkar: Thank you so much, sir. This is from my side and all the best for the future.

Moderator: Next question is from the line of Kashish, Individual Investor, please go ahead.

Kashish: Yes, hi. Good evening, sir. I have a question here. Where does Vertoz position itself against the market leaders like e2e network or FFs India in terms of digital marketing, cloud, etc.? And what is the roadmap and the anticipation goals of Vertoz in the coming two or three years?

Management: Hello?

Kashish: Hello? Am I audible?

Management: Yes, sir. You're audible.

Kashish: Yes, so I asked what is the roadmap of Vertoz Limited in the coming future? What is the kind of turnover we are looking to achieve? What is the revenues we are looking to achieve? And where do we position ourselves against companies like Affle India and E2E networks?

Hiren Shah: Sure. So if you look at, I mean, in the last call, also, we have we have said that we have an internal guidelines to maintain that at least we grow 30% CAGR year-on-year. Obviously, we have grown more than what we have promised so far. And we will try and deliver as much as possible from our side. This is about the perspective about the future growth.

And when it comes to the companies which is in the CloudTech and the MadTech sector, so basically, whichever company which is state in the CloudTech sector, we are also having a very strong handhold on that. And we are working very hard and adding more and more resources as well as infrastructure to reach out to that level so that, that particular sector can contribute to overall performance of the business.

Kashish: Sir one more question. So in the past one month of 45 days, the stock prices have been eroded by more than 50%. Is there any plans by the promoters to safeguard minority shareholders in this erosion of wealth? And moreover, there's no dividend being paid out in the past few years:

Hiren Shah: Okay, so let me come with the best of answer to this particular question. Let me start with the second question. At this moment, our overall focus is to increase on the business and, I mean, increase our overall footprint at various market. So at this moment, our intention is to see how do we deploy more and more funds to enhancing our existing performance. And that is what we reason why we are working towards that and adding value over there.

About the recent price fall, as you say - as you understand, as a part of a global macroeconomic and geopolitical situation in the world, easing of Chinese fiscal situation and run up in the Indian stock market led to some correction at broad level of indexes, small and mid caps.

Hiren Shah: The correction has been seen across the sectors and fortunately, there was a bounce back and the sentiment of the overall market today is better than the month back. So, I mean, overall, I mean, we are assuring our investors that there is no change in our growth numbers for the current year, and we are confident of achieving 30% CAGR growth year-on-year.

Kashish: Sir, one last question. Whom do we see as a direct competitor of Vertoz Limited in this listed segment and the unlisted segment of the organizations in India?.

Hiren Shah: Sure. Let me answer in this way. First of all, we do not feel that anyone else is a competition. We ourselves is our own competitor and we try and improve ourselves based on whatever we had done in the past. But definitely, when you look at the sectors, definitely on the CloudTech sector, you can definitely see the companies like E2E Networks, on the listed space. At the same time, on a MadTech sector, you can see the companies like Affle India, who have a similar kind of a business model.

Kashish: Okay. All right. And do we see, do we really need to check them with, I mean, do they have a similar growth plan of the companies you mentioned?

- Hiren Shah:** I'm sorry, you're single?
- Kashish:** I said they have humongously grown in the past. I mean, they have grown in the past phase. Do we have a similar growth plan like that, these companies you mentioned?
- Hiren Shah:** Absolutely. So if you look at the overall industry and overall the opportunities which we have as an Indian company or global market, the companies like us are the enabler to businesses. So what is our job is that we try and help the businesses to grow their existing profit margin.
- So obviously, our pie is getting increased. So basically, no one is eating anyone else's business, but here every day new opportunities are coming and we are helping those businesses to enhance their overall profit margin or overall growth. So obviously, we expect that there should be a significant growth in this particular sector.
- Kashish:** All right.
- Moderator:** Next question is from the line of Aditya from India Wealth. Please go ahead.
- Aditya:** Hello, sir. Aditya here. Sir, I just have a few questions. One is that I think you've given the revenue growth of 69% year-on-year if I'm right. So what has driven this growth so high, as it was 69%?
- Hiren Shah:** Sure. So overall, if you look at that growth was driven by increased demand for CloudTech offering and strong performance in influencer driven MadTech campaigns. So, I mean, these are the major factors. Definitely. we have also added a good, known team members from the industry and they're also helping us to getting more better businesses.
- Aditya:** Okay. And so your top five clients, how much do they contribute to the revenue percentage?
- Hiren Shah:** So I do not have the exact number, but definitely I can get you get back to you. But none of our client is more than 20% of overall business.
- Aditya:** Now, the reason I asked this, assuming one or two clients may discontinue business with you, assuming that, so wouldn't it affect your revenue guidance or the revenue segment currently?
- Hiren Shah:** Sure. So basically, if you have heard me before, I just feel like we keep adding 20 to 30 clients internationally and domestic. So that is definitely going to help us - see we cannot stop trying to go out. But at the same time, we are working hard on getting more and more new customers onboarded. So if a few of the customers do not continue with us, should not impact us a lot as being they are not contributing a huge portion of the overall business.
- Aditya:** Okay. And how much is now AI contributing to your technology space for client servicing or getting the entire work done?
- Ashish Shah:** Yes, let me come back here. Definitely. So AI has been implemented across both the categories of the business, which is the MadTech and CloudTech. So what we essentially do is like say the whole business, the entire platforms, both the side of the platforms, the MadTech and CloudTech platforms are powered by the AI. Okay, when we say are powered by the AI, definitely the

customer interactions, which we do it on the platforms are powered by certain some portion of the conversation is powered by the AI.

Similarly, in the building of the products, also, we are utilizing AI heavily in terms of a building of the product lines. Okay, again, around the getting certain strategy inputs from the AI is also happening within the organization. So in a nutshell, AI is empowering the entire business on the MadTech and CloudTech ecosystems. Hope this answers your questions.

Aditya: And the money spent on this is from internal approvals or how do you fund this entire AI concept with a company?

Ashish Shah: Definitely, as Hiren bhai earlier mentioned, the most of the investments are happening towards within the company when we look at it like definitely with respect to the AI side, we are doing heavily investments. But in our kind of business, we generally don't need to build the AI infrastructure, hardware infrastructure investments, but it's majorly towards the AI utilizing the API's of the AI infrastructure. So that's how it is helping us.

So it's not too much of the investments from a AI perspective, but at the same time, definitely some sizable investments are happening around the AI.

Aditya: So it is house manageable, right sir?

Ashish Shah: Yes, it's completely in-house manageable as of now, definitely as we progress as we continue to embark, continue with our journey, organic as well as inorganic. Definitely as the time arises, we will have some further guidance over there. But at this moment, everything is in-house.

Aditya: Okay, just one last question. As on March 24, you have a short-term borrowing of INR13.9 crores. Can you shed some light exactly what kind of short term borrowings have you incurred?

Hiren Shah: Sure. So basically, we have a borrowing, we have a facility with the bank. And we have these facilities against the FDs, which were created with the bank. So that is just, you know, I mean, working capital arrangements, what we have done

Ashish Shah: Or OD against FD, you could say in...

Aditya: And this will persist for another year or how is it like?

Hiren Shah: So it is purely depend on like the business opportunities which we will get in the future. So we are just we just want to have a make a strong financial structure so that you know that this can support our overall operation.

Aditya: Okay, so thank you so much and all the best.

Hiren Shah: Thank you so much. Thank you.

Moderator: Next question is from the line of Sana Mehta, Individual Investor, please go ahead.

- Sana Mehta:** Hello, sir. Thank you for the opportunity. Sir I just wanted to understand if, as you had mentioned earlier, again, that you're looking for a growth perspective. So is it through mergers and acquisitions? And if it is mergers and acquisitions, if you're looking for the growth, is there any targeted companies which you have been looking forward to it?
- Hiren Shah:** Let me answer here. So, see, definitely, in this particular sector of the businesses, inorganic growth is definitely has to be there. But we are working on both the sides. We are adding a lot of workforce for our organic growth. At the same time, we have a team which is constantly scouting towards the inorganic growth opportunity. And they are keep talking to various companies and opportunities which has come on our way. Definitely, as soon as we come to a conclusion or, we definitely inform the Exchange and through that you will be getting the information about that.
- Sana Mehta:** Okay, thank you.
- Hiren Shah:** Thank you.
- Moderator:** Next question is from the line of Manoj Rajani from Rajani Family Office. Please go ahead.
- Manoj Rajani:** Hi, good evening, sir. Very congratulations for the set of numbers. So, sir, I just wanted to ask your policy or your vision towards the talent retention as it is quite important, if I'm not wrong, for our industry and our company.
- Hiren Shah:** Yes, certainly, I mean, thank you so much for this question. And as everyone understand the people are the main assets for companies like us. That is the reason why when we have got best place to - a great place to work, kind of award recently.
- And we are trying best to see that how we able to enhance the capabilities of our existing team at the same time, trying to get more talents to our existing structure, which can help them to go further. So, it is very simple thing and on this way that we have to, I mean, for us, our people are our assets.
- Moderator:** So, the line for the participant dropped. We move on to the next participant. Next question is from the line of Kashish, Individual Investor. Please go ahead. Hello.
- Hiren Shah:** Yes, hello, Kashish.
- Kashish:** Sir, I just want to ask you, your share has dropped. Is there any specific reason why there is such a downfall?
- Hiren Shah:** Sir, as I said earlier, maybe if you ever heard me, but this is all purely because of the global macroeconomic and geopolitical situation in the world. If you look at the easing of Chinese fiscal situation, which has gone up in the Indian stock market led to some correction at a broad level of indexes, small and mid-caps. So, I mean, we are sure that our investor that there is no change in our growth number for the current year. We are confident of achieving 30% CAGR growth year on year.

- Kashish:** No, but still, like, 50%-60% of my capital has been lost and I had a huge trust on your organization. Maybe, I think you lost the trust of small investors, retail investors like me, who thought, okay, Vertoz will grow like anything and will help us to increase our capital.
- Hiren Shah:** Just to give you a little, if you are following us, you can see that we have actually increased number of investors than what we had earlier. So, we believe that definitely investors have invested in us by looking at the growth and the perspective of this particular industry. And I assure you that we are purely focused on a business and we want to see that we keep achieving the better growth on the business side. So far, whatever we have promised, we have done more than what we have promised, and we will try to, I mean, do the similar thing in the coming time as well.
- Kashish:** So, Vertoz, what are you suggesting, should I hold your stock for long term investment, or should I sell it off? I am asking you a very, I know, what to say. I cannot ask this question directly, but I am asking you a very upfront question.
- Hiren Shah:** Sir, I have a full trust in our company and I keep focusing - working towards the growth of the company. Secondary market is not something which I can comment on, but, I mean, if you can, if you like to, we have an investor relationship team who can definitely guide you about all our growths and the business prospects in the future. I mean, that is what I can do.
- You can definitely come down, visit our office, talk to our IR team and, I mean, just get the glimpse of what exactly and how exactly we are growing on our business side.
- Kashish:** Sure. Do you have any offices in Noida, sir?
- Hiren Shah:** We have. We just recently started offices in Noida as well - Noida, Gurgaon. So, definitely, you can reach out to our talent acquisition team and see the positions are open. We have more than 40 plus positions are open at this moment.
- Kashish:** Because I lost a lot of money. So, hopefully, you can give me a job now. I can work with Vertoz and know, like, how you are working, and you can give me a job. I can retain my, what to say, wealth again.
- Hiren Shah:** Yes, sure. Sir, you can send your CV and definitely our talent acquisition team will look at that and get back to you on this.
- Kashish:** Definitely. Thank you so much.
- Hiren Shah:** Thanks so much.
- Moderator:** Next question is from the line of Akash Sharma, Individual Investor. Please go ahead.
- Akash Sharma:** Hi, sir. Sir, I have a few questions. First one is related to our recent share price fall. Right. Just wanted to know what is the reason for the same? Like, if any of our large investors have sold their stake or are there any concerns regarding sustainability of a fundamental?

Hiren Shah: See, I mean, to answer this question, I would like to, I mean, I already said this in my earlier answer to a similar question. As a part of a global macroeconomic and geopolitical situation in the world, easing of, say, for Chinese fiscal situations, which has run up in the Indian stock market, led to some correction at broad level of all indexes, whether it is a mid-cap, small, or, I mean, large cap. So the correction has been seen across the factors.

Unfortunately, there was a bounce back as well in the sentiment of overall market. Today is better than the month back. But we would like to assure our investors that there is no change in our growth number for the current year. We are confident that we will be achieving. I mean, we are on the way to achieving at least 30% CAGR growth year-on-year. And if you look at the last comparison with the previous quarters and previous half year's results and this result, you can see the significant growth in overall business.

Akash Sharma: Okay. So, and just following up on this, as you have said that we have faced some macroeconomic challenges, yet, we have done wonderfully to be in line with our expectations. So are there any specific cost control or operational efficiencies that we have done?

Hiren Shah: So we are constantly working and optimizing on the cost center. But at the same time, our current focus is to grow the business and expand our horizon and add up more and more markets. If you look at the overall market size, it is a six trillion opportunity, when you compare the MadTech and the CloudTech as the overall opportunity.

So there is a lot of scope of improvement. Definitely, we at the same time, our team is very efficient and working towards the making more efficient way of cost and overall structure. Which can help us in adding more and more better PAT margin.

Akash Sharma: Okay, sir. So, and lastly, can you give any guidance on the M&A for the upcoming year or particularly in the new subsidiary and partnership with Loop Media?

Hiren Shah: Sure. Basically, Ashish bhai could you answer.

Ashish Shah: Yes, definitely. So especially on the M&A front, definitely, this has been a question multiple times on this forum. So I'll give you some perspective. So see, on the M&A front, first of all, we have a two major subsegments. The whole business model is the empowering the entire digital ecosystems. So the any company present around the MadTech or a CloudTech helping or empowering the digital ecosystems, we are looking around it. Okay as Hiren bhai mentioned, like there are certain M&A opportunities are there currently evaluated by our global M&A teams, which is actively working around it.

So to give you some perspective, let's look at the MadTech as a segment. So definitely there are certain components of the ecosystems which are available within the ecosystems of Vertoz group, or which are not available in the ecosystems. So be it like something with respect to a digital advertising agency at the forefront, there could be additional something which could be around what we call the helping the existing ecosystems of our ad exchange business, helping opening up the better opportunities with the other partners.

So these are the sectors which we are evaluating from the MadTech side of the business. Similarly, on the CloudTech front, we are evaluating certain MSP's available in the ecosystems, managed service providers for acquisition opportunity. That is what we are doing from an inorganic standpoint of view.

From an organic standpoint of view, also you can see that the recent updates, we have recruited really great talent to expand the horizon within the ecosystems. So definitely we are not just only focused on the inorganic as an opportunity, but at the same time organic is also growing for us heavily. So that is the results of the, that is what we are seeing the results here. This answers your question, Akash. Yes.

Akash Sharma: Yes, of course. Thank you very much, sir.

Ashish Shah: Yes.

Moderator: Thank you very much. As there are no further questions, I would now like to hand the conference over to Mr. Hiren Shah for closing comments.

Hiren Shah: Sure. Thank you. I thank the entire team of Vertoz for the untiring efforts, hard work, and dedication. Digitize the company forward to the various market conditions, as well as our shareholders who have trusted us. Also, I thank all of you for participating in our conference call. Please do get in touch with our investor relations team for any further questions. Thank you so much.

Moderator: Thank you very much. On behalf of Vertoz Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.