VERTOZ

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28th May 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

Sub: Transcript of Earnings Conference Call held on 23rd May 2024
Ref: 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 Q4 FY24 Earnings Conference Call.

We request you to kindly take the information on records.

For Vertoz Advertising Limited

Zill Pankaj Shah
Digitally signed by Zill Pankaj Shah
Date: 2024.05.28 20:25:08 +05'30'

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MUMBAI
CIN:L74120MH2012PLC226823

Zill Shah
Company Secretary & Compliance Officer
M. No.: A51707
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Vertoz Advertising Limited
Q4 FY24 Earnings Conference Call
May 23, 2024

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY24 Conference Call of Vertoz Advertising Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing *, then 0 on your touchtone phone.

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

We have with us today from the management Mr. Hirenkumar Shah – Promoter and Whole-Time Director and Mr. Ashish Shah – Promoter & Director.

I now hand the conference over to Mr. HirenKumar Shah, Whole-Time Director and Promoter for the opening remark. Thank you and over to you, sir.

Hirenkumar Shah: Thank you. Good evening, everyone. I would like to wish you all a very warm welcome to Vertoz's maiden earnings conference call for the 4th Quarter and year ended 31st March 2024. I would like to begin by expressing my gratitude to you all for taking the time to join us today. We have on call, Mr. Ashish Shah, Director of the company with us today and AdFactors, our Investor Relations Team. It gives me immense pleasure to address you all today as we stand on the cusp of a specular growth journey. Since this is our first earning conference call, I would like to share a brief overview and history of our company and some recent developments before we get into the business and financial performance.

A little brief background about the company. In 2012, we formed Vertoz in India and opened our first international office in the US. Over the years, we developed several innovative technology solutions for display and mobile advertising through our programmatic platform IngeniousPlex. In 2017, we made history by becoming the first Indian publicly listed ad-tech company on the NSE Emerge Board and moved to the main board in 2020. We continued to innovate with the launch of PubNX, which is now IncrementX, Adzurite, and AdMozart, expanding our suites of services. Our efforts were recognized when we received the prestigious Emerging Brand of the Year Digital Marketing award in 2022. We introduced our suite of offerings for the CTV & DOOH media markets. In 2023, we made headlines with the announcement of merger with PayNX & QualiSpace and a significant investment in Silvertech Web Solutions, which is now Performise. The integration of CloudTech services into Vertoz through the merger of the PayNx Technologies and QualiSpace Web Services. This strategic move has enabled us to incorporate a comprehensive range of digital identity and cloud offerings such as domain name, SSL, web hosting, public and hybrid cloud, enterprise e-mail offerings including B2B domain selling, domain registration, domain hosting and more. Together we call them CloudTech, which joins our existing bouquet of MadTech platform.

CloudTech now complements our existing MadTech media and advertising platform. This integration positions Vertoz as a partner for businesses to leverage our digital technologies for both cloud and advertising services, significantly enhancing their business outreach. Today, Vertoz is a leader in digital advertising with proprietary platforms that drive marketing and advertising success. Our recent addition of CloudTech offerings has positioned us as the preferred go-to partner for businesses to leverage digital technologies and online presence. Our key platforms include #1) IngeniousPlex, which is a self-serve media buying platform for marketers and ad agencies, #2) IncrementX, which is our niche audience representation and monetization platform for publishers, #3) Adzurite, which is a performance marketing platform for marketers, publishers and affiliates, #4) AdMozart, which is a real-time ad exchange platform for demand and supply partners for the ad-tech ecosystem, #5 ConnectReseller, which is a domain and web presence, product distribution network, #6 QualiSpace, which is a cloud solution platform. While the first four IngeniousPlex, IncrementX, Adzurite, and AdMozart fall under our MadTech segment, the other two, ConnectReseller and QualiSpace comprises our CloudTech segment.

Vertoz empowers businesses with a suite of advanced services designed to optimize performance and drive revenue. Our media and monetization platform bridges the gap between publishers and advertisers. Using the AI, artificial intelligence to enhance revenue and maximize ad spend impact. Our marketing advertising platform leverages data-driven insights and innovative strategies to deliver targeted campaigns and maximize ROI. We provide essential digital identity solutions for secure domain management, helping businesses, build a strong online presence. Additionally, our scalable cloud infrastructure service supports digital transformation, optimize efficiently and reduce cost. We play an instrumental role for businesses to go digital and optimize their online advertising and cloud services. Our growing network includes various corporate digital marketers, advertising agencies, digital publishers, cloud providers and technology companies. Our journey has only just begun, and we are expecting an exponential growth trajectory based on our strength and the industry opportunities.

Now, I would like to hand it over to Ashish to take us through the key developments over the recent past. Ashish, over to you.

Ashish Shah: Thank you, Hirenji. Good evening, everyone. The past year has been incredibly exciting and transformative for us at Vertoz. We have made significant strides in expanding both our product portfolio and our global footprint. In terms of the geographical expansions, we have made substantial progress in widening our reach in the United States, which is our key market. This is part of our strategy to win more projects and capture a larger share of the United States market, where we see tremendous growth opportunities. Our expanded portfolio will help us gain further traction and increase our market presence in this key region. Domestically, we also opened our new office in New Delhi, India during the last quarter, further strengthening our presence in the region. Through the past quarters, we have continued to grow with the recent addition of PayNX & QualiSpace. We expect this to accelerate further enabling us to capture a larger market share. At Vertoz, innovation is in our DNA. We continuously invest in research and development to stay ahead of the industry curve. Our employees are our greatest assets, and we are committed to maintaining an industry-leading talent pool in recognition of our efforts, we were certified as a Great Place to Work in December 2023, highlighting our dedication to creating a positive and productive work environment. Moreover, in October 2023, we were honored with the HT Achievers Award, recognizing our outstanding achievements in the field of ad tech. Our overarching goal is to be the preferred partner for businesses looking to enhance their digital and online presence. We have already started capitalizing on the immense opportunity and growing demand, which is reflected in our results. We are exploring further expansion initiatives to scale our business globally. Throughout this journey, our focus remains on delivering sustainable value for our all stakeholders. Our annual performance reflects the kind of growth that Vertoz is capable of. We foresee further accelerated growth in the coming year. Thank you for your continued support and for being part of our exciting journey. Together we'll look forward to achieving even greater success. I now hand it back to Hirenji to walk us through the company's financial performance.

Hirenkumar Shah: Now turning to our financial performance. In Quarter 4 financial year 2024, our revenue in Q4 financial year 24 increased over 33% year-on-year to Rs. 45.7 crores. Growth was driven by added businesses from the recently merged entities of PayNX & QualiSpace as well as the general business expansion. Our EBITDA excluding other income for the quarter stands at Rs. 6.66 crores, while the EBITDA margin is 14.58%. Surging investment in our talent pool and marketing initiatives had a bearing on the margin, but this investment set the stage for future expansion. Our PAT during this quarter is Rs. 4.69 crores as against Rs. 4.10 crores in the 4th Quarter of financial year 23. PAT margins stood at 10.28%. EPS for this quarter is 2.92.

Coming to the full year, which is the financial year 24 numbers, our FY24 topline rose significantly by 87.6% year-on-year to Rs. 155.37 crores. This remarkable growth was achieved based on the strong demand for our services, coupled with synergies from the recent mergers. Our EBITDA excluding other income for the year expanded 25.9% year-on-year to Rs. 21.48 crores, while the EBITDA margin was 13.82%. Continued investment towards strengthening our skilled workforce and software optimization, impacted margins. These are strategic investments towards building a strong base to cater to the anticipated surge in demand. Our PAT during this year showed a phenomenal increase of 46.0% year-on-year to Rs. 16.12 crores as against Rs. 11.04 crores in financial year 23. PAT margins stood at 10.3%. EPS for this period is. 10.04. This robust performance reflects our strategies and execution, and with the inclusion of CloudTech, we expect even higher benchmarks in the coming quarters.

That is all from our side. We can now open floor for the question.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri: Sir, we had fantastic growth in the last two years. So, what kind of growth can we expect in the coming years, especially like maybe FY25 because we have just added the cloud business. So, any color on that and our margins were impacted because of our mergers and another investments in IT, what kind of margins, can we go back to our historical margins of (+20%)?

Hirenkumar Shah: So basically, let me give you a little insight into the business point of view. This market in terms of digital CloudTech and MadTech, both are expanding globally, not just in India. And we anticipate that we will really have a good growth trajectory on that. We are expecting at least around 25% to 30% CAGR growth on year-on-year for atleast next 5 years and we are expecting that maybe we may achieve more as well by looking at the market, and the growth which is happening in the market. Definitely, we are at the growth stage at this moment, so obviously our focus is to capture more and more markets and that's the reason why we are investing more in the people talent pool and the software structure. So that we are able to reach out to the bigger market and that way the profit margin would impact, but definitely, at a later stage, this margin will improve by getting a better ARPU, average revenue per user by being both the businesses helping each other.

Darshil Jhaveri: So, maybe next year also we will have similar margins as FY24 is that is what we are saying sir. And just wanted to ask in the current year how much was the contribution from a cloud because I think it got acquired in March, correct sir? So that was not completely consolidated in the current year?

Hirenkumar Shah: Correct. This is not the complete sales belongs to, because all the numbers have been recently merged. So, it has only a few months' data which we added into the financial side. But next year obviously you will start seeing the growth and you'll start seeing the numbers for both the segments where we'll be able to have multiple growth on that side.

Darshil Jhaveri: So, Sir, how much did the cloud business do on its own in FY24, so that will be completely added to our current base, right, sir?

Hirenkumar Shah: Right. So not complete for the financial year has been added to this because this is only effective from the 22nd of February 2024.

Darshil Jhaveri: Yeah. So, in FY24, we had one month of cloud business and in FY25, we have 12 months. So how much would be the additional, what was the run rate for cloud business sir?

Hirenkumar Shah: Generally, we are expecting that, we do not have exact number on how the business will shape up in terms of the next year. But generally, we're expecting that we have a major stake in the MadTech and CloudTech will definitely start and add up over here with the MadTech customer. So that we will also keep increasing on it. So maybe you can have average like maybe 60%, 70% we are expecting on a MadTech kind of a business and 20% to 30% on the CloudTech kind of a business to start with. But definitely it will keep changing the way we will start expanding the various markets.

Ashish Shah: Hi, Mr. Darshil, both business CloudTech and MadTech complement each other, okay. So, the impact in this coming year will definitely be there with respect to the complement and in nature, there are certain customers can be shared between both the businesses, so definitely there will be a major impact in terms of their revenue for the organization. Hope, this helps you in understanding the impact of what can be possible.

Darshil Jhaveri: No, fair enough. So, I just wanted to know that how much revenue has the CloudTech business done in FY24. So that we can extrapolate that into FY25. That was the one because it was not completely reflected in our FY24. That is the only thing.

Ashish Shah: No, I completely understand. Definitely we are working towards it and we will have a much more visibility because there are certain costs that are also shared between both the department, both the businesses. But it's a little difficult for us to present the details about the bifurcation, but our auditors, our finance teams are working towards it to make it much more visible to our stakeholders.

Moderator: Thank you. The next question is from the line of Neha Jain, who's an individual investor. Please go ahead.

Neha Jain: Sir, I just had two questions. Sir, who would be our top 5 customers and what percentage of revenues do we generate from these customers?

Hirenkumar Shah: So, we do not have any customer having more than 20% of revenue belongs to a single individual customer. Our major customers are various agencies across the globe for our MadTech business and our CloudTech business, it is major integrated service provider and domain resellers. They are our major customer across the globe. Currently, on the CloudTech side, we are having customers in more than 100 plus countries and having more than 10,000 plus resellers. On our MadTech side also, we will say like including the publisher network and advertisers' network would be more than maybe 15,000 total publishers networks and maybe like more than 300 plus different agencies are working on it.

Neha Jain: Sir, these customers will be on subscription basis and they typically will be renewing their contract on a yearly basis or it's a one-off project kind of a thing?

Hirenkumar Shah: So, we have a multiple-product models with our customers. So, for example, for CloudTech business, we have to say for example domain registration is one of our products, which is a kind of subscription model where year-on-year you are paying to keep renewing your services. For cloud services, it's similar to a year-on-year keep renewing with us. At the same time, when it's on a MadTech side, we have various agencies either they're coming up with on a year-on-year contract or as and when contract, that purely depends on the nature of different kinds of contract we have and the different products we have, which is helping these customers.

Neha Jain: Sir, will we be able to bifurcate in terms of percentage of revenue, how much of our business will be from a one-off basis project and how much will be like a subscription model?

Hirenkumar Shah: We do not have a real bifurcation on that, but definitely we have a different other performance KPIs which we keep working on it. Because see this is a very dynamic size of business where we have so many different products and with each product has like then it will become very difficult to line items, all of those structures. But still we're working best to see whatever way we can be more transparent to our investor on the size of the businesses and splits of the businesses by just taking care of the business which is required to be taken care for the betterment of the organization.

Neha Jain: Sure, sir. And just one last thing on the subscription model, do we have any matrix where we are able to understand what is the retention rate for subscription?

Hirenkumar Shah: Yeah. So as I said, this purely depends on the size of the client and the nature of the client. But generally, we have retention rates of more than 70% or 80% of these customers who keep renewing these businesses unless and otherwise either they have an issue with their existing businesses or their own business model. But generally, if we look, we as Vertoz whichever product line we have, we are kind of an essential service, we believe ourselves as an essential service provider for them for the growth of their business. So maximum time they keep continue doing business with us unless until they have any specific issue or there are certain things where things are not matching with us.

Moderator: Thank you. The next question is from the line of Vinayak Mohta from Axia India. Please go ahead.

Vinayak Mohta: So, sir, the first question that I had, I just wanted to understand from a competition standpoint, we are in a business which is similar to what more or less Affle does might not be one-to-one.

So just wanted to understand how or any other competitor how are we able to differentiate ourselves from an execution standpoint for a customer to be attracted to you. Could you give some metrics, for example, the other company does tell us if they have got the latest quarter execution that they have done and how that execution has panned out in the last one month or two months so that we get a sense of the execution capability that one has, so just wanted to understand how does Vertoz differentiate itself versus the competition within this space?

Hirenkumar Shah: Sure. I'll try and explain to you with a little more information on the other side as well. So every company has a different way of acquiring customers, but just to give you a landscape of this market, this market itself has its own pie, which is everyday increasing. We believe that in this particular industry, there are so much of requirements of so many companies to help the customers. See, companies like us are an enabler to the companies who are seeking for the growth and this is like any sector agnostic. So, any company say for example who wanted to go for digitization and who want to have acquired customers in a faster way require a use of data and technology and the companies like us, we can really help them to grow and help them to get the customer acquisition at the better price they speak. This era is not the era of small and big, and this era is the era of speed in terms of like speed and in terms of fast and big. So those people who want to be fast, who want to achieve the success fast, they really require companies like Vertoz to help them achieve their growth. So here, coming back to the question like what is that USP you will bring to the table. Definitely, it's data and technology that really helps the customer to get the more better precise targeting, precise marketing and precise customer acquisition. And the end of the day, that's what is going to be always an added advantage for companies like us to get the better results and better ROI for the customer. I hope I answered your question.

Vinayak Mohta: Yes. Sir, from what I could decipher, it's just such a large market and growing by the day that customers will always be room for multiple players to coexist. And with time, as more and more data gets evaluated on your back end, your efficiency on an execution standpoint for the customer keeps on increasing, thereby driving incremental value for them. Will that be a good summation of the same?

Hirenkumar Shah: You got it very right. So, it's absolutely on the right side. It's all about their speed, the fastness which they're looking at, okay, this data and technology always helps them to grow, and we are a tech company, not just an advertising based company. We are a tech-based company, which is helping by using various AI technologies and whatever way we can help them to get their growth faster. So, you got it very right. Perfect.

Vinayak Mohta: And is it fair to assume that CloudTech adds on to the MadTech business wherein these customers who want to go digital, you can additionally upsell your services and thereby garnering incremental revenues from the existing customers itself?

Hirenkumar Shah: Yes, one way. So, it's very simple for a MadTech business, CloudTech is a background. It's like, if you really want to grow faster, you have to have cloud services, you have to have your applications on the cloud. So, it's obviously kind of a complementary business with the MadTech services for internal consumption as well as for the external customers to whom are looking at the bigger expansion.

Vinayak Mohta: Understood. So, coming down to your margins, margins have been quite high historically, but right now you did mention in your presentation that because of investments within the business and some front buying of the inventory that you had to be on the ads front is where your margins got impacted. So, what I wanted to understand more of on a sustainable basis, how do the margins differ between the two businesses, that's the first point within this question. And the second point is, have we had to undercut our ARPUs for example, in order to garner more customers and that is having an impact on the margins as well. So, just trying to understand that once we are done with this investment phase, how do you see this margin trajectory evolving because we've come down from a high of 24% to 25% to now as low as 11% to 14% to close this quarter. So just wanted to understand how we are placed as a company from that standpoint?

Hirenkumar Shah So margin generally stands between if you look at overall, between 8% to 12% of a PAT margin is what we are in general, we are expecting. See, end of the day, it's all about the ARPU, which will always increase the margin. So, when you'll have multiple product lines, your acquisition of customers becomes much cheaper and then you're able to sell multiple products which can definitely help you increase your margin and that is what we are working on as well, and we are getting customers. So for example like we have domain customers get acquired for as low as maybe Rs. 1000 bucks. And maybe a CloudTech customer acquired for maybe like Rs. 500,000 or maybe like MadTech services customer maybe Rs. 20,00,000. So now different sets of customer gets acquired at a different price line and at the same time each customer acquisition cost differs, but the moment everything gets together, the overall ARPU, overall acquisition cost get changed.

Vinayak Mohta: From an operating margin or EBITDA margin standpoint, we could look ourselves being closer to that 18% to 20% range on a sustainable basis. Would that be a fair assumption like over a longer period once we are done with the…..?

Hirenkumar Shah: Yeah, you can say that there could be between 15% to 20% of EBITDA margin kind of thing which we should be achieving.

Vinayak Mohta: Understood. And sir, you had also talked about in your presentation about a potential inorganic acquisition, so what segment will be an addition to that you did also talk about a potential fund raise. While I understand that you might not have constrained on to a number or so, but just wanted to understand what management is thinking in terms of which segment do they want the acquisition to come through and what is the size of acquisition that we are looking to do in case we go ahead and do one?

Hirenkumar Shah: So, we are evaluating various different options on the organic as well as inorganic both the sides. We are still are in an initial phase of that, the moment the concrete information comes up, we'll definitely share it on the public forum with the investors and stakeholders. But we are open to see where we can get more customers get acquired and will able to help cover the existing product line to serve those customers.

Ashish Shah: Hi Vinayak, so with respect to the acquisition side, we are looking for both the side especially on the MadTech and CloudTech, okay, both the side we are looking for various options and all of these options we are just figuring out the best potential strategic opportunity for us. Either that strategic opportunity can be as Hirenji mentioned, that could be a customer acquisition or there could be also the technology acquisition could be the opportunity for us in terms of an inorganic side.

Vinayak Mohta: Understood, just two suggestions going forward if you could just give us an understanding of any ARPU metric that you guys internally track and how it has evolved over a period of time like the competition does what it helps us understand better is the sustainability of the revenue that you guys provide? So basically from a longer term viewpoint, I think if you have sustainable revenue coming in from a client on a per unit basis, just gives the market confidence that the sustainability on the revenue and the quality of work that you provide to them is significantly high, then it will be how the market is and secondly, if you could also give some case studies like the competition does again, it gives us an understanding about the quality of customers you work with and how your delivery pans out in those short period of time when the order follows through. So these two suggestions if you can evaluate on your basis if that’s possible, that's it.

Ashish Shah: Definitely point taken and we definitely have internal metrics currently. Because the nature of our business is on the two major sides, one is the CloudTech and the MadTech both have got different metrics to be measured. Okay, so we internally measure certain metrics in terms of the revenue per partner. Overall average query per second what we are receiving on our infrastructure, what is the revenue we are doing on those queries per second? So, these are the internal metrics that we have we are following and definitely as you rightly mentioned, this will give the investors or a stakeholder a different level of feedback and the different level of interpretation and can be helpful for judging the performance. Your point is taken sir.

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

Nikhil Arora: I actually wanted to know like who would be our top four or five customers and what kind of revenue do we get from the top customers?

Hirenkumar Shah: We have various agencies across the globe and various domains and ISPs, who are buying the CloudTech services from our server. We do not have any customer, which is having more than 10% of our business which are having from each of this customer. And generally, if you look at the kind of customers in India or abroad, we have like top agencies are customers like for example Dentsu Group, this WPP Group, PubMatic Group, those kinds of companies as our customers.

Nikhil Arora: Okay sir, got it. Is there any geographical split of revenue that you can provide like which region gives us the highest share of revenue?

Hirenkumar Shah: So, we have currently India and international business is what we are bifurcating, and we have around 70% to 80% businesses outside India and around 20% to 30% is what we are doing in India and we're working towards getting more and more India story expanding where we get the more and more customers in India as well. That's what Ashish has mentioned that we started operations in Delhi and now starting a few more operations in other parts of India as well.

Nikhil Arora: Right. So, what would be the opportunity size like abroad versus India, if you can just throw some light over here?

Hirenkumar Shah: Sure. So see, if you look at India's overall growth, definitely we're in a double-digit growth in India story and globally it is a kind of a matured market, a few of the grown countries, but at the same time there are few countries which are growing countries where also there is a good opportunity. So, what we're working is that we already have a good handhold and good support system in the US which is a very grown and mature market. So, we're trying to encash those opportunities from that part of the world. But at the same time, India is definitely an altogether different story as our Indian political structure which is helping us, all of us to go together on the digital side of India. So we really hope and we are really bullish on the Indian market also to grow a little more on a higher side as well.

Nikhil Arora: Sir, so we expect similar kind of growth in both the regions, abroad as well as Indian?

Hirenkumar Shah: Correct.

Moderator: Thank you. Our next question is from the line of Rahul Sharma from ABS Invest. Please go ahead.

Rahul Sharma: My first question is that, as I see that we have two business verticals, one is the MadTech and another is the CloudTech, I want to get a sense that what is the revenue contribution from each vertical and at what PAT margins are we servicing that? My reason for asking this is because if we see that on a Y-o-Y basis, our revenue has grown substantially, but if I see on quarter-on-quarter basis, our revenue has declined. So, I just want to get a sense that what actually is the revenue that we are getting from each vertical and what kind of advantages in terms of cost we have in each vertical?

Hirenkumar Shah: Rahulji, first of all, the CloudTech business has recently been part of the company, it got merged by just February 2024. So, we do not have a direct bifurcation between the CloudTech and MadTech business sizes, but at the same time, we have various shared resources which has been used by both of these units, it becomes very difficult in exactly getting the right PAT margin between both of them. But we are generally anticipating between 8% to 12% of PAT margin for all of our businesses.

Rahul Sharma: Okay, right sir. So, Sir, maybe from next year, we can have a bifurcation for both the verticals despite having shared resources, so that it will be easy to value both the verticals.

Hirenkumar Shah: Yeah, we are working very hard with the team to say whichever way we can be more transparent and more clear with our investor as well as for internal team as well because all teams are working towards getting more and more PAT margin, more clarity with them is always better for them as well. So, we are working really hard towards it and very soon you will see certain information on that side as well.

Rahul Sharma: Right sir. And also sir if you can throw some light on the business opportunities that are currently visible from the perspective of next 6 to 9 months for both these verticals?

Hirenkumar Shah: So, I would not suggest for the short term of 6 to 9 months, but definitely for next 5 years, as I mentioned in my earlier questions answered, India and Global both have very good trajectory in terms of growth for digital because we have not done kind of a luxury to anyone, but we will be more of kind of an essential services to people who want to grow their business. So, we'll be counted enablers to them. So, we really expect that there is the spike getting increased day by day Definitely cloud was blessing in disguise which has helped everyone to getting more and more digital and get the importance of digital little more faster than what they're supposed to do with the speed of the information which they used to access. So, there are a lot of opportunities which is coming up and being a complete stake provider from a CloudTech to MadTech and will be partnered with these companies on their growth story. So, please just wait for some time when you'll really see the good growth of your company.

Rahul Sharma: Sure, sir. Second question, sir, what I had is that if you can just throw some sense of light in terms to what kind of talent are we hiring into our company? Whether it is experienced or what kind of people are because as I see that our employee spends has increased during the quarter as a percentage of our topline. So, if you can just give me some sense on that?

Hirenkumar Shah: As I mentioned in my earlier answer, we are in a kind of tech company, which is working towards more of a technology and creating a robust product. So, we definitely have a good pool of tech team and tech people and that is a part of one of the hiring. Another hiring is that definitely on the business side, we are expanding our market and we'll keep reaching to those places where we're able to increase our reach. So the majority hirings are either on the tech side or on the business side, which will help us to grow further in those markets.

Rahul Sharma: Right. So another question, what I had is that we see that on a Y-o-Y basis, our depreciation has increased and if I get into the minor details of the balance sheet. So, we have added to the property plant and equipment and also to the intangible asset. So if you can give me what kind of assets have we acquired over this last year?

Hirenkumar Shah: Our majority assets, if you look at it another way around are generally on the tech side, but still I will get you more details one-on-one with my CFO from my finance side. So get you more data on the same.

Rahul Sharma: Right, sir. And just this last one question, is there any particular reasons that we are having very low tax rates?

Hirenkumar Shah: As we mentioned, Vertoz is a global company, we have various different units in different parts of the world, including a few of the countries where the tax rate is very low. So, if you look at the overall consolidation, the tax has gone a little lower than what is required. And as I mentioned in my earlier answer, maybe our 60% to 70% plus businesses is outside India.

Rahul Sharma: Right sir. So, this will be continuing going forward as well?

Hirenkumar Shah: So, we are at the growth story right now. So we are working towards each and every opportunity to see that how we're able to expand our business. Our focus wouldn't be towards like doing savings and structure, but it's all about like getting more and more opportunities. So as you know our company can really grow fast.

Moderator: Thank you so much. The next question is from the line of Manoj Rajani from Manoj Rajani Family Office. Please go ahead.

Manoj Rajani: So, I actually wanted to ask, basically our rationale behind establishing the 3 to 4 new subsidiaries in the US and what basically what also wanted to understand what activities will these subsidiaries be involved in?

Hirenkumar Shah: Sure. So, if you have seen the overall organisation structure, we have so many different subsidiaries and different businesses. So generally it's all purely from the business perspective, there are certain sizes of contracts that come with a specific size in terms of numbers, so we try and see if we're able to cater them with a different set of the units and we try to look at the more business for Vertoz, that's one way and second thing is definitely each of these product line has a different size and the different customer set also so that sometimes as you've seen that few customers are only working with few companies, then competition related requirements are there. If you have seen this in an agency business model, you would invest a little more on that side, that's similar to the same business model.

Manoj Rajani: Does the company anticipate any risk due to imposed by the technological advancement?

Ashish Shah: Not really with the technological advancement, but just I wanted to let you know that overall this industry is less than 20-year-old industry like say I'm sure as you say the internet has been in existence for approximately around 25 to 27 years in the existence. So, being said that there are a lot of policy implementations happening across the globe, be it something with respect to the privacy policies and stuff like that, which is overall helping keeping the user at the center and helping them to establish the policies and all these policies brings the different types of the opportunity for the businesses to exist in this ecosystem. So, essentially from a threat perspective, if the internet goes away, definitely that's the biggest threat that nobody is foreseeing at this point of time. Apart from that, any other threat we can't foresee at this point of time.

Manoj Rajani: And also, sir, I wanted to know about the direct service expenses, so there has been a 25% decrease in this quarter. So, on an annual basis as well, there has been a percentage of sales has decreased. So like what is the primary reason for this trend?

Hirenkumar Shah: See, as I mentioned in my earlier answers, the company is currently in the growth stage. So, we are working towards seeing whichever way we're able to acquire more and more customers and be able to serve them. So, currently those margins and those numbers you might feel a little here and there, but slowly you will find it very consistent basis on that side and you won't find any discrepancy on the same.

Manoj Rajani: And sir, last question is so like operating and other expenses have increased in value. So, what expenses are included in this category, if you could just throw some color on that?

Hirenkumar Shah: Maybe what we can do is I can have you send it those details from my finance team in a detailed way. So, we can take this on a separate line.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. HirenKumar Shah, Promoter and Whole-Time Director from Vertoz Advertising Limited for closing comments.

Hirenkumar Shah: I thank the entire team of Vertoz for the untiring efforts, hard work and dedication, digitized the company forward through the various market conditions. 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. On behalf of Vertoz Advertising Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.