

Tracxn Technologies Limited

Q2 FY25-Earnings Conference Call

November 08st, 2024

Management:

Ms. Neha Singh, Chairperson and Managing Director

Mr. Abhishek Goyal, Vice Chairman and Executive Director

Mr. Prashant Chandra, Chief Financial Officer

Host and Moderator:

Ms. Devanshi Kamdar, Systematix Shares and Stocks (India) Ltd

Mr. Sidharth Agrawal, Systematix Shares and Stocks (India) Ltd

Moderator: Yeah, good evening, ladies and gentlemen. Thanks for joining us today for the Q2 FY25 earnings call for Tracxn Technologies Limited. On behalf of Systematix, me and Sidharth Agarwal would like to thank the management of Tracxn for giving us the opportunity to host this earnings call.

Today on the call we have Ms. Neha Singh, the co-founder, chairperson, and managing director, Mr. Abhishek Goyal, co-founder, vice chairman, and executive director, and Mr. Prashant Chandra, CFO. I would now like to hand over the call to Ms. Neha to give her their opening remarks and take us through the PPT. And after that, we will open up for the Q&A session.

Please use the hand raise option to ask questions, or you can also submit your questions in the Q&A box at the bottom of your screen. Thanks, and with that, over to you, Neha.

Neha Singh: Thanks, Devanshi.

Welcome, everyone. Thanks so much for joining us today for our earnings calls for the second quarter for the financial year 25. We are very excited to present our results for this quarter.

We would, in terms of format, we would like to run through a short presentation and share some key highlights for this period. I will also give some commentary along, which will be helpful in the overall understanding, and we will follow that up with the Q&A session. Request you to please take note of the standard disclaimers for this presentation.

Quick recap on our business. So, Tracxn is a data and software platform for the private markets globally. If you look at the public market, it has created multiple large companies, many of which are highly cash-rich, profitable companies.

As private markets are becoming large and important, it will also create platforms like these, and we are building a global platform in this space. Our customers include venture capital funds, private equity funds, investment banks, as well as M&A and innovation teams of large Fortune 500 corporations. Also, it's a global platform, so nearly 60% of our revenue is international, and we have customers in over 50 countries.

I would like to begin by summarizing the financial performance for Q2 FY25. To set the context, we have one business, one legal entity, so you will not see terms like standalone or consolidated. All the numbers that I'll talk about is for the business overall.

Revenue from operations for Q2 FY25 was Rs. 21.4 crore. This is a 4.2% growth on a sequential QoQ basis. Total income was Rs. 22.8 crore, which is an annualized run rate of Rs. 91.2 crore. Coming to profitability, EBITDA for

the quarter was positive Rs. 0.9 crore. Also to add, this EBITDA includes all non-cash expense also, like ESOP charge.

PAT for the same period was positive Rs. 1.7 crore. Slight increase of Rs.0.4 crore on a sequential QoQ basis. Moving on, EBITDA margin was 4.3% and PAT margin was 7.9%, expansion on a QoQ basis. I will also quickly summarize the YTD numbers of financials for the half year of the current financial year. Revenue from operations was Rs. 41.9 crore. Total income was Rs.44.8 crore. In terms of profitability, EBITDA was Rs. 1.2 crore for the first 6 months. PAT was Rs. 3 crore for the first 6 months. In terms of margin, EBITDA margin was 2.9%. PAT margin was 7.1%. The business continued to generate positive free cash flow. The free cash flow for the first half was a good Rs. 8.3 crore. Cash-in-cash equivalence stood at nearly Rs.85 crore, which is an increase of 34.8% on a year-on-year basis. And an increase of Rs. 22 crore in absolute terms on a year-on-year basis.

So, this is a fairly large increase. In the subsequent slides, I will be covering each of the metrics we talked about in the summary in more detail, starting with revenue. Revenue from operations is essentially revenue from platform subscriptions.

Bulk of our revenue is subscription-based, so it's a fairly high quality revenue. Also, please note that this is accrued revenue. So, though we do prepaid billing and collections, like most other financial data platforms you may have seen, we only recognize revenue for the time duration falling within the reporting period for which the service was made available.

As discussed earlier, revenue from operations in H1 FY25 was Rs. 41.9 crore. The revenue in Q2 FY25 was Rs.21.4 crore, which is a growth of 4% on a sequential QoQ basis. Total income for H1 FY25 was Rs. 44.8 crore. The total income for Q2 FY25 was Rs. 22.8 crore, which is a growth of 4% on a sequential QoQ basis. So, the good news is that, from last year being a tough market, we have started to see sequential QoQ growth in revenue and total income.

A lot of this is due to internal initiatives that I will cover in the subsequent slides. We have also added historical data for the last 4 financial years for reference here. We continue to have profitable operations in Q2 FY25.

EBITDA for Q2 FY25 was Rs. 0.9 crore and H1 FY25 was Rs. 1.2 crore. Please note, this includes the non-cash expense, primarily ESOP expense. If you exclude these non-cash expenses, the adjusted EBITDA was Rs. 3.4 crore for the current financial year. PAT for Q2 FY25 was Rs. 1.7 crore and for H1 FY25 was Rs. 3 crore.

If you exclude the non-cash expense, primarily ESOP expense, the adjusted PAT was Rs. 6 crore for the first half of the current financial year. Both

EBITDA and PAT have increased on a sequential QoQ basis.

Coming to margins, EBITDA margin for the first half was 2.9% and for Q2 FY25 was 4.3%, which is an expansion of 2.9% on a QoQ basis. PAT margin for the first half was 7% and for Q2 it was 7.9%, which is an expansion of 1.7% on a QoQ basis. So we continue to see margin expansion on a QoQ basis.

One of the other metrics that we track closely for the business is what part of incremental revenue is going into bottom line. In FY21-22, this metric was close to 80%. In FY23, we saw this metric decrease to 31% and then again go back to the subsequent year to 43%.

In H1, the incremental revenue was offset by the marginal increase in cost as we are aggressively investing across various growth initiatives. Just a point to note that despite these investments and growth initiatives, we continue to have profitable operations as well as generate free cash flow in the first half of the current financial year. Coming to expenses, our total expense for H1 FY25 was Rs 40.8 crore. This is a 4% increase over the same period last year. On the right hand side of this slide, we have also given the expense breakup across the key components. The key components are the same as what you have seen previously, but just to summarize, first, bulk of our expenses team cost in H1 FY25, this was 88% of the total expense.

This has been in the same range across the last three financial years. In FY22, 23, 24, this was 89%, 88%, 88% respectively of the total expense. Also, please note that all our team is in-house and there is no outsource or contract workforce.

The second largest item is cloud hosting, which accounted for 2.9% of the total expense. As we do a lot of data processing and analytics, this is followed by rental expense. The other interesting aspect to note is that we don't have a large paid marketing expense line item because we don't have a large paid marketing spend, neither digital nor offline, typically required for customer acquisition.

The reason for this being, because we are a data company, we produce a lot of content and hence are able to use a lot of our organic traffic, user content for getting a lot of organic traffic. We are able to acquire these very efficiently, which is reflected in our expense breakup. Another interesting point, if you see, so across the last three years, from FY21 to the current quarter, the headcount actually increased only by 7%, which is from 624 three years back to current ending 669 at the end of last quarter.

Expense in the same period of three years increased by 34%, but the revenue in this period has doubled. So it's great to see that while the revenue has nearly doubled, the headcount increased by only 7% in this

period, which is a great testimony to the operating leverage of the business. Moving on to some of the other financial matrices, the company generated positive free cash flow of 8.3 crore in H1 FY25. If you see, this is an increase of 7.8 crore over H1 of last financial year. Cash and cash equivalent stood at 85 crore, which is a very healthy increase of 22 crores on a year-on-year basis or a 34.8% increase on a year-on-year basis. So we generated a good amount of free cash flow as well as added cash and cash equivalent throughout this quarter.

Similar to the previous quarters, I'll talk a little bit about the market. So in line with what we had indicated previously, 2023 calendar year overall was a very muted year for the private markets, which is last calendar year. I'm sure you would have already seen some commentary in the past, but just to put into perspective, if you see the global tech funding, this was at a near six-year low in 2023.

Global funding in 2023 was down nearly 40% from the previous year. Similar was a trend in India, where it was down nearly 60% in 2023 over the previous year. 2024, which is the current calendar year, the run rate is slightly better than last year, though it is still only the second lowest across the last seven years.

Even if you see across the late stage, so one proxy for the late stage activity is the number of new unicorn startups that are getting created, or the new private companies which got valued at over a billion dollar valuation. In the nine months of 2024, there were 71 new unicorns that got created globally. India saw six new unicorns in the nine months of the current calendar year.

And the current run rate, though it's better than last year, it's the second lowest across the last seven years. Even if you look at the M&A activity, that has been fairly muted, like the M&A deal value last year, 2023, was the lowest in the last decade. Even if you look at IB fee, the investment banking M&A advisory fee, 2020, this was one of the lowest across the last 10 years.

So the good part is that this year's run rate, which is 2024, is looking slightly better than last year, though it is still nearly the second lowest across the last 10 years in terms of global M&A activity. If you see more granular data, you can see that the recovery has started. The overall funding recovery is still awaited.

However, if you see the recent quarterly data, you can see improving momentum and paths. For instance, if you look at the early stage, there's consistent recovery across the last two quarters. If you see the year-on-year growth rate, which had been declining last year, so that has been improving across the last two to three quarters.

So the general consensus is that the bottom is behind us, and that we

should see further recovery in the coming months. Coming to some of the business metrics, we continue to see green shoots. On the left-hand side, you can see the QoQ trend of the number of customer accounts.

And on the right-hand side, you can see the number of net customer accounts that got added in each quarter. So if you see the last three financial year, we have added an average of between 30 to 60 new net accounts on a quarterly basis. This pace of volume addition increased a lot starting three quarters back, which was Q4 of the last financial year when we added a net of 88 new accounts.

In the subsequent quarter, which is Q1 of the current financial year, it increased even further when we added about 101 new customer accounts. And you'll be very glad to see that the momentum continues. So in the last quarter, we added an all-time high number of accounts, higher than the previous two quarters, and much higher than what we used to add a year back.

In terms of numbers, Q2 saw 102 accounts getting added, which is, as mentioned, a new all-time high. Coming to deferred revenue, this we continue to hold up. So the deferred revenue for the first half of the current financial year was 35 crore, which is a 12% year-on-year increase.

Moving on to the value and volume growth, we are seeing early signs of momentum in both volume as well as value growth. So here on the left-hand side, you can see the revenue from operations across the last 12 quarters. So if you see across the last two quarters, you can see that this has been increasing on a sequential QoQ basis.

And Q2 FY25, which was the last quarter, was the second highest QoQ growth across the last seven quarters. On the right-hand side, you can see the number of accounts for the last 12 quarters. As I mentioned previously, our pace of customer addition grew rapidly, starting three quarters back, and has been increasing ever since.

In Q2 FY25, we added the highest QoQ volume growth in absolute terms. Coming to platform engagement metrics, they continue to look very healthy and following the historical upward trend. So if you look at the platform usage, which here is in terms of number of exports and MyAnalyst data queries that our customers have sent, this has grown 1.7x across the last two years. So engagement has grown both at the overall level as well as at the per user level. So it's a very healthy trend that we continue to see. Apart from these, we at our end have been investing heavily across various growth initiatives.

These span across go-to-market funnel of marketing, sales, and account expansion. And this has started giving us very good results, and we expect

further acceleration to follow. I'll take a couple of minutes to talk about some of the growth initiatives we are aggressively working on, and I'm very excited to share the results about.

One of the very interesting growth initiatives that we've talked about previously is scaling our organic traffic. So because we are a data company, we are able to use a lot of data that we own to launch large set of public pages, which generate a lot of customer traffic. For instance, if someone is searching for fintech companies in Singapore or SaaS companies in North America, they come across our pages, and we are able to generate leads through that.

If you look at the organic search traffic that we got across all our pages, this was over 10 million in the first half of the current financial year. So three things regarding that. One, this is a very large funnel that we've been able to build.

Second, it has grown rapidly, if you can see, across the last few quarters. For instance, it has grown about three times across the last three years. Thirdly, we continue to work on this aggressively, and we expect it to increase even further.

For instance, the current year's traffic run rate has already crossed 20 million, higher than last year's. Another very interesting growth initiative is the launch of Tracxn Lite. So we launched Tracxn Lite this year for product-led growth to increase the awareness about the richness of our platform among potential customers.

With Tracxn Lite, users are able to get access to the entire platform when they sign up, though with obvious some limitations, like restricted daily limits for profile views, exports, and certain platform modules. We continue to see very good traction in this. So over 68,000 users have signed up for Tracxn Lite within just the first nine months of launch.

And if you compare to last quarter, the pace of organic signups have actually increased. The monthly active users has now crossed 21,500, which is a fairly sizable number. So this is a large set of users getting familiar with the platform, which helps us in building a very good acquisition pipeline, as part of our users express interest in upgrade over time.

We had also set up a specialized team for select high-potential customer segments, a good example being universities. So as we mentioned previously, we had set up a specialized team with cumulative experience of over 20 years in selling to universities. Majority of our relevant customer segments come from top universities globally, which is also a great avenue to educate them about data platforms like ours.

So we are seeing very good results from this initiative. So this was one of our initial vertical teams that was set up, and it has been about three quarters. So I also wanted to share some results that you will be very excited to hear.

So the number of customers in this segment has doubled in just three quarters of the current year. So essentially, we added more number of accounts in the first nine months of launching this vertical team than what we had historically across the last nine years. And also because of these focus teams, they are able to do very targeted outbound and get high-potential logo customers.

For instance, as of today, we have about six IIMs customers, and 14 more have committed to come during this year. So by the end of the year, we would have nearly all the IIMs customers, which is a great set of logos to have. We have also acquired many of the NIRF-ranked universities, which is essentially national ranking of higher education institutes.

And today, our university customers include many across IITs, IIMs, NITs, ISP, ISE, and more. So this is a great testimony to the vertical sales team approach, which is working very effectively. In segments where we have a customer base, setting up these focus teams can significantly accelerate customer acquisition rates.

Additionally, it can help us increase both revenue as well as market share across these segments. As we expand this approach to other segments, we anticipate a similar boost in growth across multiple customer categories. Moving to the next segment, we had also set up a specialized team for private equity.

So PE is a large and cash-rich segment. We currently have lower penetration in this segment as compared to the venture capital segment. So this is a very close-adjusted segment that we can look to acquire customers in.

So this was one of the segments that we had picked up for starting the vertical team. And in this, we did a bunch of things. So in addition to the sales effort, we also augmented the data sets requested by these customer segments.

And we also started doing in-person meetings in select cities. We are also seeing great results in this segment. So this is a relatively newer segment than the university segment we talked about earlier.

So this is actually less than two quarters old. But even in the short time, we actually got fairly encouraging results. For instance, in PE, India, the number of accounts increased by 40% in just less than two quarters.

Also, more importantly, the conversion rates have improved, which is basically the demo to closure as tracked by the sales team. From being

around 15% to now being over 30% in this segment, so the conversion rates have doubled. So we're very excited about scaling the segment as well, because this can be a very large segment.

We have also set up a specialized sales team for startups. We have seen high volume of involvements from startups. So even though startups are served by the same platform, they have slightly different use case and workflow requirements.

It is more focused around sales and marketing, market intelligence, investor outreach. It's a very high-volume segment, but it's at a lower price point than the investor. So cumulatively, this can be a sizable segment served by the same platform.

Traditionally, we have not catered to this segment. But more recently, we have set up a separate go-to-market strategy for this segment, as we've been getting a very high and increasing volume of inbound from this segment. So we are seeing very good success in terms of pace of customer acquisition in this segment as well.

So initially, we were planning to launch about three vertical teams every year. But based on the success that we saw in the initial set of vertical teams, we have accelerated the launch of more teams. Instead of launching more over the subsequent years, we have launched an additional seven vertical teams in the current year itself.

So these are specialized teams for customer segments such as investing bank, venture capital, accelerator and incubator, corporate sales teams, etc. So most of the impact of the vertical sales team that you saw has primarily based on only about three teams reaching maturity. So we believe we have cracked a very repeatable playbook here through this architecture and setting up new units should have a material impact.

And we believe that this will help us accelerate the customer acquisition in the segments as well as gain market share over time, bringing us to our desired growth trajectory. And you should be able to see impacts of these units that I'm just talking about over the next three to six months. Moving on, another interesting growth initiative that we've been working on is expanding coverage of financials datasets of private companies on our platform.

These datasets are particularly in demand by certain customer segments like private equity, investment banks, among others. So we have been significantly increasing the throughput of these data production engines, and we believe that this will open up more private equity and investment bank as the customer segments and help us accelerate in these segments. So talking about financials today, we cover financials of private companies

in over 20 countries globally.

The number of detailed financials on the platform have increased at a fairly rapid pace. So last year in 2023, we had increased this number by 5x on the platform. And you'd be very excited to hear that we have multiplied this number even further.

So we have increased this by another 5x in the first nine months of the current financial year 2024 itself, or it's nearly a 24x increase across the last two years. As of October 24, we had over 1.5 million companies with revenue data, 446,000 companies with detailed financials available on the platform. So this is an increase of 3x from the previous quarter in terms of the number of companies with detailed financials.

One thing which is obviously very interesting in this is that we've been able to add datasets at a great pace without increasing the headcount much. So this is a great testimony to the level of automation and intelligence that we've been able to build as part of our infrastructure which enables us to do that. Coming to cap tables, cap tables are requested by investors to see detailed shareholding, valuation, latest as well as historical share price of private companies.

Today we track cap tables of private companies in over 15 countries. End of 2023, we had 39,000 companies with cap tables and as of October 24, we have over 300,000 companies with detailed shareholding available on the platform. So this is a huge increase of over 7x during the current calendar year.

With this, a lot of data actually got added in the last quarter which is Q2 FY25. We had also launched legal entities which is a newer database than the other ones. This helps investors to screen through legal entities registered in various countries for specific high growth metrics like revenue threshold, growth rate, profitability, employee count etc.

So this data has also been increasing at a fairly amazing pace as you can see from the numbers. At the end of 2023, this number was only 11 million. We have increased this database to 61 million during the current calendar year.

Major countries by coverage include US, UK, Japan, India, Australia, Brazil and more. So in the current quarter there was also a lot of focus on adding more data points to the existing legal entities which enables us to increase penetration in some of the new and existing customer segments. So we have also started building deeper coverage of regulatory data on private companies and legal entities.

So some of the data points that are live as well as in pipeline include loans and charges data, legal case data, patent data, FDA approval data among

others. These are particularly important for existing as well as new use cases like deeper due diligence, KYC etc and we believe adding these data sets will help us increase penetration in existing as well as new customer segments. Another set of initiatives underway are for improving paid customer engagement as well as account expansion to enhance growth of revenue from existing customers.

So a separate team had been set up to increase penetration of paid licensing with existing accounts thereby moving from being reactive to being more proactive upgrades. So one of the examples of initiatives under account expansion is curbing login sharing within an account which is working well. So we have also recently added other initiatives like city trips, on-site onboarding sessions, on-ground activation etc.

We had also set up a separate team within our customer success team for various engagement initiatives aimed at increasing user level as well as account level engagement through initiatives like better platform education, periodic touch points, hero features, personalization and more. Another interesting growth initiative that we have talked about in the past is press mentions. As we mentioned, whenever media talks about data on private companies or startups or emerging technology sectors we want them to quote data from Tracxn.

So we've been working on a lot of initiatives like launching reports with media, data contributions etc which has given us a multiple increase in press mentions across various respected media outlets. For instance last quarter we were the knowledge partner at the ET startup awards which is a very prominent private market event hosted by the economic times. Advantage of press mention is that a lot of people discover our data for the first time through media and then come to our website and generate a very high intent lead.

Also we believe this goes a long way in building a brand as a data company and also helps us in sales conversion and helps revenue growth. So we've been an AI first company and AI and machine learning have been a core part of our technology particularly in identifying and curating data about private companies. So with the recent advancement in generative AI this has also become a very key focus area for us.

This is across functions and across the entire leadership team. So there are various projects which we are undertaking across departments for instance for some of the projects we're also training the GenAI models with our extensive internal data sets which is giving us even better and accurate results. Some of the key use cases include augmenting data on private companies as well as sector classification, boosting analyst productivity, optimizing this for both inbound sales filtering as well as outbound reach out efforts. And we have many more initiatives in pipeline

based on this. So this is a very key focus area that we are very excited about.

In the subsequent slides, I'll cover some of the other KPIs for the business. In the first slides, we cover the number of customer accounts, number of user accounts. So we close September 24 at 1,515 accounts and 4,121 users, which is a 20% growth on a year on year basis for both the metrics.

So you'll be glad to hear that Q2 FY25 was the highest net addition in terms of number of accounts and the second highest in terms of number of users. In terms of some of the other KPIs, contract price or invoicing amount for H1 FY25 was 43.6 crores. The last graph talks about the number of entities profile, which is a proxy to the amount of data being added to the platform.

So today we track more than 3.7 million profiles, including private companies, funds, etc. globally. In terms of some of the other metrics, 62% of our revenue for H1 FY25 was from outside India.

These customers span over 50 countries. Top 5 countries within this show a similar spread to where you have large corporates as well as large private market investors. So the top 5 countries for us by number of customer accounts are India, US, Singapore, UK and Germany.

Also, we serve a very rich and diverse customer segment as we mentioned before. So within investment industry, this includes venture capital funds, private equity funds, investment banks. In the corporate, it includes teams, innovation teams, and others like government agencies, universities.

So this is a very large accessible market that we continue to be excited about. The subsequent slide covers some of the other business metrics. So I'll keep going over these slides.

But please feel free to check these out offline. Subsequently, we've also added some slides on the detailed financials that you can also go through. So that's all I wanted to share, passing it back to Devanshi for any Q&A that the group might have.

Moderator: Yeah, so we'll wait for two minutes for the question queue to line up. You can raise your hand and ask the question. Okay, so the first question is from Mr. Rohit. We've unmuted you, you can ask a question.

Rohit Balakrishnan: Hello. Yeah, hi.

Moderator: Yeah, go ahead.

Rohit Balakrishnan: Thanks Neha for the presentation. So just a few questions. So you talked about the strong addition in customers in this quarter.

And however, the deferred revenue growth is still sort of muted to that compared to that. So I mean, how does this typically work for you? I mean, is there a lag from the day you buy a customer to the day you start invoicing them?

Is it based on their usage, etc? If you can just talk a bit about that.

Neha Singh:

Right. Yeah, thanks. So just to add in terms of deferred revenue, so we do prepaid billing and collections.

What that means is that whenever you have a contract period starting with the customer, we actually do invoicing upfront and do cash collection also upfront. The typical contract period is either annually, so about 65% is annual upfront paid and the remaining is typically quarterly upfront paid. So this has been, so all the revenues basically, so it's prepaid billing, so that continues to be the same.

Coming to the second part of that, which is the deferred revenue and the trend in that and how do we sort of correlate that. So if you look at our revenue, bulk of the revenue still is from the existing customers. Right.

And so there's obviously a lot of volume of admission of the new customers, but a lot of the billing also happens of the existing customers. And in there, there is some, you know, some sort of historic, if you look at it, some trends in terms of the way the contracts, you know, have been there. Right.

So even if you look at last to last year, Q2 was slightly slower in terms of the contract value or the invoiced amount for the customers. Right. So, you know, there's some seasonality, it is there and H2 typically is better in terms of the billing that is there.

Right. So I think this deferred revenue is slightly reflected as a function of, you know, also the bidding that would have happened in the existing customers. So, but that's it.

But, you know, in terms of the new customer acquisition, that continues to be, you know, at a very good momentum that we have, you know, sort of seen across the last three quarters. So that sort of continues.

Rohit Balakrishnan: Sorry, I, sorry. Okay. So maybe I have not followed you enough to understand this part, but so these, so all these are paying customers, right? These 1500 that you have as on, these are all paying customers, right?

Neha Singh:

All are paying customers. Yes.

Rohit Balakrishnan: Got it. So when you said, so legacy customers, so sorry, what's that? Right.

Neha Singh: So whenever you see, if you talk about the 1500 or so customers are typically, if you talk about the revenue in any year, typically 80 to maybe slightly more than that percentage of the revenue is from the existing customers, which we would have acquired in the previous financial years. Right. And a part of it is from the customers that we acquired in the current financial year.

So there's also a lot of customers that, so, so most of the billing is still from the customers that we have carried forward from the previous year that were acquired earlier. And there might be some sort of trend in terms of the, how the contract value is, is there, or what is the time of the annual renewal of these contracts?

Rohit Balakrishnan: Sure. So is it fair to say that your addition is sort of a lead indicator to your growth in revenue?

Neha Singh: Of course, your volume growth is definitely a good leading indicator to, you know, how the other things should follow because we closely track the account growth closely across the teams.

Rohit Balakrishnan: Right. Got it. My second question was that you talked about a lot of new initiatives in terms of whether it is verticalizing the teams or even like a lot of the other things in terms of data acquisition, etc.

So from a cost point of view, I see that last three years, I mean, if I analyze the first half, probably you will be around 80 crores this year. So we'll be around 70 to 80 crores in terms of our cost. Do you see that substantially going up or this is sort of the base now and whatever inflationary growth will happen or a large part of the cost is still to happen as you keep on expanding for growth?

Neha Singh: Thanks a lot. And this is a very interesting question. So if you look at, you know, the investments that we have, you know, we've been talking about some of the initiatives, you know, from the last couple of quarters and sort of investing a lot in these initiatives, right?

And if you look at the corresponding cost increase, so that has not been huge, right? Because I think one of the reasons is that because a lot of these initiatives does not involve spending on paid marketing, which can actually become a very sizable component, right? So mainly, if you look at it, this is across two buckets.

So one is the team cost, for instance, the vertical teams that we talked about. So this, you know, comes under team cost, or it is very tech enabled, right? So the, you know, the initiatives like at Tracxn Lite or increasing data coverage, this is also tech enabled, right?

So there are two costs, essentially, that sort of claim for us to be able to, you know, do a lot of these initiatives. So hence, you know, you see that the increase in cost has only been linear, right? So though we've been investing across a lot of these growth initiatives, the year on year cost has only increased by 4%, right, taking into account all these initiatives, right?

And, you know, so like one interesting, you know, anecdote, like, which is there. So even if you look at last three years, right, like, though our revenue has nearly doubled, the headcount has only increased by 7%. Right, so that's just a function of also the operating leverage of the business.

And coming to the second part of the question, which is going forward, how do we see it? So even going forward, we don't anticipate much change, we will continue to sort of say scale the sales team. So you will see, you know, some increase that will happen, but that will only be linear.

And we anticipate that the cost increase should be ideally in single digit or less than 10% is what we anticipate. So hopefully, that answers the question.

Rohit Balakrishnan: Sure. Can I ask one more question?

Neha Singh: Yeah, sure.

Rohit Balakrishnan: Okay, so in terms of the use cases that you are, that you have talked about, whether it is export data or patent data, etc. So this, again, so two questions, actually. So are you looking at newer products and selling them as standalone for some of them, or they are like features within your overall product?

That is one. And secondly, you have, I mean, is there any thought to sort of extend this overall to towards public markets also, or just focusing on private markets at this point of time?

Neha Singh: Yeah. So just to talk about, you know, in terms of the other sets of data that we talked about, so, obviously, there's a lot of initiatives, like even, you know, in terms of the growth is also, so, like, the growth initiatives that we talked about are working well. So that is something that we continue to sort of double down on, right, and replicate that for other, like, across other geographies as well.

In terms of, you know, just the coming to the new regulatory data set. So this year, a lot of focus is also on getting new regulatory data sets on the platform for private companies. And this is a function of two things.

So one is we have been hearing a lot from the customers, you know, what else would they want. Are they willing to sort of, you know, pay money for or are they already spending their money on? So this is some of the inputs that we actually get from the customers itself, that, you know, these are the

additional data sets that they would love to probably see or they're already spending money on.

So a lot of it is actually, you know, sourced from that. So it helps us do two things. So one is basically, you know, within the existing customers only, it probably helps us, you know, sort of, like, go more deeper, right.

And the second is that for some data sets, it will also open up newer customer segments. So for instance, you know, the whole KYC is a use case that opens up like that as a, you know, large segment for us, right. So, you know, that's why we've been also investing a lot in increasing the regulatory data in terms of how we plan to sell it.

So that will continue to be subscription only, because, you know, that's one thing that has scaled very well across the financial data, even if you see, you know, across different verticals. So we'll continue to offer this as primarily subscription on the subscription platform, right for the existing as well as some of the newer customer segments. So that's on the first part of the question coming to the second part, which is, you know, do we plan to sort of extend this to the public, to the public market investors as well.

So our assumption initially of coming in is basically, you know, the private market, the data that the need is much more acute, because, you know, this is the private market is probably, you know, like, maybe like two to three decades behind the public markets in terms of having those data platforms. So that is why and you know, it is now become a large AUM of more than \$9 trillion. So that's the that's that continues to be like, you know, the one of the key problems that we want to solve.

We do realize that there might be some data points that we are collating that may also be relevant for public market investors, right about just, you know, alternative data on these private companies on the public companies, as well as some of the large private companies, which are also becoming relevant when you are looking at public companies. So we do that do that. And we might offer that, you know, as some of the modules, but our core focus may be in terms of some of the segments which for which private market data is a day to day job, right, which includes investors as well as corporates or anyone who's, you know, like, you know, doing M&A or investing or they are lending, right in this model.

So it will probably remain within. So hopefully, that answers the question, right?

Rohit Balakrishnan: Yeah, fair enough. Thank you. I'll join back in the queue.
Thank you.

Moderator: So next question is from Mr. Basant. I think you can unmute yourself and ask the question.

Yeah, Mr. Basant, go ahead.

Basant Bansal: Yeah. So when I see your result, for last two years, from September 22, I'm seeing that your top line has been flattish. There is no significant increase into that. And in the current quarter, also on year on year, you know, it is muted only. On a half year basis also it is flattish. So how should one look at the growth going forward in terms of the revenue?

Neha Singh: Sure. Yeah, thanks for Mr. Basant. So just to answer that, see, you know, I think one of the things that we have sort of mentioned about, like, if you look at 2023, or the last few quarters, this has been one of the worst for the private markets, right?

So this is, so if you look at all these stats across the private markets, right, like last year was down 80% from the peak, right? And even today, it's down more than 50% from the peak, right? And even in this market, the interesting part about being a subscription data platform is that revenue sort of continues to sort of hold up, right?

And increase, though not with this thing, but, you know, it sort of continues to hold up and, you know, that does that. So, you know, and now the market is sort of improving, I think we do see things sort of opening up, right? And like last year, we also talked about some of the regions which were particularly more impacted, like Europe, for instance, was more impacted than some of the other regions, like India and US actually had grown faster for us, but Europe was, you know, probably much slower, right?

So this is also, you know, one of the reasons why you see some of the quarters in between, wherein it was more sideways. But if you see more recently, we've been actually seeing sort of increasing momentum, both in terms of volume growth, volume growth probably happened slightly earlier. And, you know, also now being followed by value growth.

So if you see more sequential last few quarters, you can actually see the momentum sort of coming up. And hopefully, you know, this, with all the growth initiatives that we also talk that we are working on and the other things, you know, it should put us back to the historical sort of growth trajectory.

Basant Bansal: So going forward, we can look at, you know, decent growth in that top line.

Neha Singh: Right, right. That's our anticipation.

Basant Bansal: Now, one more thing, I think you were explaining that some of the customers are, you know, paid customers who pay one year in advance. And you so you book the, you know, entire amount as a revenue in that year, or you book it proportionately?

- Neha Singh:** I'll probably pass it on to Prashant to take this question.
- Prashant Chandra:** Sure. Good evening, Mr. Bansal. So yeah, so no, we do the billing in advance for the entire year, but the revenue is recognized only for the proportion that for the time that has already been, you know, services have been given.
- So to answer your question, it's on a proportionate basis.
- Basant Bansal:** Yeah. So for example, if somebody pays on 1st January, so you will book the revenue for three months only, not for the full year.
- Prashant Chandra:** That's correct. For Q3, we will book only for the three months and what is the deferred revenue I didn't get you? So, so basically, so let's say if we do a contract of 1200 on 1st of January, so when Q3 we recognize the revenue, so the 300, let's say 400 each month goes to the revenue, and the 900 which we have already billed for and most likely also collected the cash flow is now sitting as a deferred revenue because that is something that we have to still provide the service and earn as a revenue.
- So it's a revenue which is like deferred for recognition.
- Basant Bansal:** Okay, so you recognize that as a deferred revenue and then you also recognize deferred tax on that?
- Prashant Chandra:** No, deferred tax is more on the timing difference with respect to, you know, certain items we have like capex and all and also the deferred tax has been recognized on the previous year's losses and like this, you know, we're talking about earlier than FY23. So when the company whatever the losses have been made, so those losses can be adjusted against the future profit as per the Income Tax Act. So the deferred tax asset what you see is more because of that.
- Basant Bansal:** So now has it been fully, you know, disposed it off or still some portion is left which may come in subsequent quarters?
- Prashant Chandra:** You mean to say the deferred tax?
- Basant Bansal:** Yeah
- Prashant Chandra:** No, deferred taxes assets is more like a credit available to us. So as we are generating profits now, so we are offsetting our tax liability against that deferred tax. So we still have some some of it left on the balance sheet.
- So we don't have to really pay the taxes on the income that we're generating currently.
- Moderator:** Okay, so the next question is from Mr. Aman Singh. Yeah, you can ask a question.
- Aman Singh:** Hi, am I audible?

Moderator: Yeah, go ahead.

Aman Singh: So I wanted to continue the question of the last participant about deferred tax. So we have reversed deferred tax in this quarter to the tune of 6.9 crores. So I wanted to understand this.

So has the management in its plan or in its projections, moderated the growth that the company is going to see in next few years due to which we saw we think that the profitability would be less than that was cut off before. So what was the exact reason for reassessment of the profits, which has led to the reversal of deferred tax? If you can explain in detail.

Prashant Chandra: Sure, yeah, I'll take that. So good evening, Aman. So on the deferred tax or the DTA reversal, so this is due to the periodic accounting procedures.

So like I mentioned earlier, deferred tax is an accounting provision of tax period against previous year's losses, which we set up our profit against. So we first recognized the DTA in FY23 and as per accounting guidelines, this provision needs to be periodically devaluated and adjusted. And considering the fact that we are yet to see the growth reach the same level as in FY23, DTA provision has been adjusted.

So if you see while the volume growth is really encouraging, but as a CFO also have to make a pragmatic call and making sure that it's got sort of just like reflecting also the current scenario, which has been like for the hedge fund.

Neha Singh: I'll probably just add, I think this is more formula driven and this is more accounting and this does not sort of, you know, this is more sort of formula driven, I would say that we basically take this into sort of account and this comes into this. You can still end up taking more of the deferred, eating more of the deferred tax asset, you know, across the subsequent years.

Neha Singh: Thanks Prashant.

Prashant Chandra: Did that answer your question Aman?
I think you are on mute.

Aman Singh: Sorry, no. So I have a follow up on this.

So two things. Firstly, in the deferred tax, do we have some deferred, do we have some unabsorbed depreciation part also? Or is it only loss?

This is first part. And second, so we have moderated the management expectation of growth in future years. This is what you are saying, right?

Prashant Chandra: No, so basically the way we, I mean, so okay, to answer your first question, so all the unabsorbed depreciation has already been, you know, set off again. So this is purely the business losses we are talking about. And second, on the growth projections, so there's not much change, but

considering that half of FY25 has already done.
So according to that, we have sort of, you know, readjusted that projections.

Aman Singh: And for how many years we are allowed to carry forward this loss?

Prashant Chandra: So they have like, because they are from different periods, you know, they have a different year of expiry, but typically it's like eight years from the time of the loss has been incurred.

Aman Singh: That is what I'm trying to ask. When do this expires from current time period? For which year do they persist?

Prashant Chandra: So I think I'm like, you know, a little bit of it may expire in FY25 and then subsequently in FY26. And then after that, we would.

Aman Singh: So the reversal that we have done is for the losses that are going to expire in FY25, right?

Prashant Chandra: May, I would say may expire because in case of the growth rate picks up.

Aman Singh: Got it.
Thank you so much. Thank you.

Moderator: So the next question is from Mr. Nikhil Chandak. Yeah, you can ask a question.

Nikhil Chandak: Yeah. Hi, Neha and Abhishek. So good to know about the signs of growth coming back.

But Neha, if I were to ask, you know, say the rough cut 100 crore annual run rate and revenue ballpark is, where can this be in the next two, three years? You know, with all the initiatives you're taking, some kind of growth bottoming out and the customer additions, which will result in better revenues, as you said, because frankly, what's been happening is and some of the other earlier participants also spoke about that the revenue has been so flat that it's been very difficult to kind of, you know, figure out how the growth really pans out. And for a company of your size, the growth parameter frankly becomes the most important, you know, thing for an investor.

So where do you think this 100 crore revenue, if you have to hazard a guess, goes say next three years from here?

Neha Singh: Sure. Thanks a lot, Nikhil. For that question, if you see historically, you know, for our business in a good year, we have grown at 44%, right? And it's not like just two, three years back, so it was not very far off. And even if you look at our historical trajectory, that's close to 30% CAGR, which we have grown at, right? And, you know, like last year, as I mentioned, this was like a one of the lowest year across the last decade of private markets, right?

And despite this, you know, we continue to sort of, we it's not that we de-grew, we continue to grow at obviously much smaller pace. And that's why you saw some quarters when it was probably, you know, lesser growth, you know, than what we would have wanted. Going forward, you know, I think we should, like what we are sort of aspiring for and based on all the data that we are actually seeing, and, you know, the very encouraging signs that we are seeing from the initial quarters is that we should be back to the sort of historical trajectory of growth rate is what we are aspiring for, right?

And, you know, if you're able to do that, and if you're able to, and, you know, as we, and also cost side, you know, like I think there have been sort of no surprises, despite us aggressively investing a lot in the initiatives, investing a lot in data production, etc. You know, the cost, for instance, in the last quarter grew at a single digit percentage at 4%, right? Historically, it has also grown at like a single digit percentage, right?

So if you're able to do both of these, then we should see a very healthy increase in terms of the bottom line in the next, you know, one to two years that we will be like very excited about. Hopefully, that answers the question, Nikhil.

Nikhil Chandak: Yeah, so to clarify, when you say historical growth rate, so say for the next two, three years, could we see something like a 25-30% kind of revenue cap as you were saying?

Neha Singh: Right, so even if you see the current, you know, like a quarterly run rate, which is about 4% of what we have reached, you know, if you're able to sustain this, you know, we're talking about like a 16% growth rate, bigger, right? And hopefully, we should, you know, make that better, which you can also see a little bit in the volume growth, right? Like we've been able to sort of improve it on a QoQ basis.
So, you know, so I think that actually puts up in that trajectory back.

Nikhil Chandak: Understood. And the other question, Neha, I had is that, you know, between say India and rest of the world, you know, would it be fair to say that the rest of the world is growing faster for you in terms of number of accounts than India? And any, you know, commentary on the competition out there, like, I'm sure Tracxn will be as a platform more reasonable compared to some of the global platforms, which book and so on so forth.

But is there a pricing pressure still, which you see from the end customers as in resistance to kind of be, you know, more than what you would say, on an average expect in India?

Neha Singh: Sure. Yeah. So just to, you know, answer that in two parts.
So one is basically your, you know, India growth and the rest of the world

and how that pans out. So for us, actually, both the segments have been growing at a fairly good pace. There were some impacts, you know, for instance, you know, Europe was probably impacted last year, which is now much better.

But apart from that, you know, India continues to be to grow for us as you know, sort of international India instantly be going faster, because of a couple of reasons. So one is obviously, you know, all the other macro factors also in India is sort of lining up. So, you know, that is one healthy trend that we see among the customers.

The second thing is that a lot of the initiatives that we that we launch, for instance, the vertical teams, we actually test it out initially in India, before we scale it to other geographies, right. So you saw a lot of the vertical teams initially starting with taking into account the Indian customer segments and then scaling to other geographies, right. Also, some of the other trips, you know, initiatives that we talked about, like, you know, your city trips, which is doing on site, on-boarding, etc., for account expansion, we start that initially in India and then scale to other geographies, right? So, you saw, you know, India actually growing faster for us as compared to some of the other geographies, but, you know, right now we are sort of seeing account growth in, you know, across all, right?

So, that is on the first part. The second part is, you know, on the pricing pressure or the competition, you know, that is there. So, just to answer that, you know, if you look at across maybe the last few quarters, there was a little bit of pricing pressure, which is there in some of the corporate segment, especially, right?

So, this is also something that you might have seen in other sort of SaaS platforms that some of the corporates were, you know, sort of, you know, asking for, you know, some sort of pricing relaxation that is happening, because if you see, you know, in general, the corporate segments, and this is particularly more in the corporate segment. And in some of the annual cycles that we saw, we saw some sort of pressure in terms of, you know, passing some discount, which is there for some of the customers. Having said that, I think we have passed most of the annual cycles.

Now, it has been, you know, a few quarters. So, most of the customers have had, you know, one or two annual cycles. And going forward, we see lesser of impact, you know, through this happening.

So, I would say that, you know, I think probably maybe two quarters back, you would have or three quarters back, you would be having, I would be talking about like a little bit of pricing pressure that we've seen from the corporate, but I think it's becoming increasingly lesser, you know, today, than it was earlier.

Nikhil Chandak: How much would be the price difference between Tracxn and say some other competing platform? I don't know, which is the best competitor, like, say, Facebook, or, you know, would it be like 30-40%?

Neha Singh: Right. So, if you look at in terms of competition, there are a few products, which are probably at a lower price point. And we are probably, you know, 10 times or 1/10th of our pricing, not in the comparable zone.

I think in the mid price point, you have a few platforms. I think typically, it varies between, you know, our is around, say, \$2,500 or \$3,000 per user realized pricing per account. I think platforms vary between, you know, \$3,000 to say \$5,000 in terms of realized pricing per user per account. But that has been sort of the range.

Nikhil Chandak: Range. Understood. Perfect. And then the last one, Neha, was, you know, I ask you this question every time, but again, any emerging threats from, say, AI, for example, which can kind of, you know, hurt, say, customers paying for the platform?

Neha Singh: Right. No, so this is a great enabler, I would say, for us. And that is why we, you know, we now, this is like a key focus across the whole leadership, right?

Like we actually have sort of a bi-weekly meeting and all the initiatives which are undergoing, which we are taking through AI, which is for both data production, you know, these are across departments. And that is why you see a lot of efficiency, which is there and a lot of, you know, increasing throughput, which is there across your units to give you a small, you know, like, like I mentioned, like in the last three years, our revenue has nearly doubled, but the headcount is only increased by 7%, right? So that is why the data would have increased by like, you know, maybe like 100 times.

So that is only possible because you do invest a lot in technology. And I think our investment, you know, we are a sort of a tech first company, much more than, you know, most of the other data platforms which are out there. So that is there.

And, you know, we see, I think that is one of the reasons that we are able to build a global platform, right? Like sitting out of India, we have data on private companies in more than 50 countries, customers in more than 50 countries, that is possible only because, you know, we are aggressive, you know, we are, we are sort of a very tech first company, right? So we see this as a great enabler for us to be able to sort of build a global data platform, you know, sitting out of having the whole team, you know, out of India, and being able to do all that, right?

And we don't think, you know, I think this is a, we don't see this as a

headlight, like if you compare it to a parallel public markets, right? Public market, the data is actually available in a much more standardized manner, then very unstructured, which is there in the private markets, right? And technically, all the funds can actually, you know, you know, have their own elements and probably extract data.

But I think it's still probably quite a few years ahead that, you know, people will stop using like a terminal and just switch to their in-house, you know, data plans, right? Because there's also value in having, you know, that enterprise grade data, because you're working with an asset class, which is actually taking, which is, you know, one of the most highly paid professionals. So, you know, I think going from that 90% to 100%, and how do you make them effective, right?

So there's a lot of value in that. So I think whenever the public market funds start using it, probably it will happen to private markets after a decade.

Nikhil Chandak: Understood. And then that just leads to my last thing is that, any thoughts on the public side? I know, you've been always saying that private itself has a lot of scope, so we don't need to do public markets, but any change in view on that?

Neha Singh: Right. So I think, you know, in that sense, there are a lot of segments that we are working on using the private market data that we are sort of aggressively going behind, right? So in addition to being the private market investors, venture capital funds, private equity funds, etc.

Corporate is sort of, you know, another area that we are going more, they're tapping into multiple segments. For instance, we are also getting a lot of data points, which is catering to lending, you know, debt as a segment. So anyone, any bank, for instance, who wants to give a loan to a company has to actually see quite a few parameters about the company before lending it, right?

And that's another last segment, which we currently don't have any footprint in, right? And that can be a sizable segment, because they use a lot of these, you know, data about companies through various sources that they have to verify before being able to do that. And that's a global, that's not just, you know, one country specific, that's actually, you know, being done across the different countries, right?

So this is, for instance, a large market, which is there. The second last market is like, you know, sales as a market. So, you know, whenever, you know, sales is obviously a very, you know, in focus segment for a lot of these corporates.

And whenever we are working with large companies who are, who want to cater to the private markets, right? Like we actually have a good set of data

to be able to do that. So this is another segment that we are actually going more deeper into.

The third thing, to give an example, you know, like your limited partner data. So for today, any fund wants to raise fund, this is an additional budget that they have to actually spend on, right? Which is finding out who are the limited partners that they can actually reach out to raise their fund, because we don't have that data.

And now we are in the process of building a very good data for that, that will allow the funds to be able to do that, right? So I think there are a lot of these other very adjacent segments using this data that we have, using the private market data that we are actually going much more deeper into. So I think public markets, you know, I think we'll have some data which is required for the public markets, but I think for us, we also give a lot of value that, you know, we become sort of a platform for their workflow, in which case, you know, the revenue potential of that segment turns out to be much more for us.

So that's why we have prioritized these segments that we mentioned about previously.

Nikhil Chandak: Understood. Perfect. Great.
Great. Thank you so much. All the best.

Neha Singh: Thanks a lot

Moderator: Thank you. So the next question is from Mr. Varij Bangur. You can ask a question.

Varij Bangur: Yeah, so thanks for the opportunity. So on the Tracxn Lite side, there are 21,000 monthly active users, right? How do we see the journey of these users?

Like, can they really convert to let's say a paid Tracxn customer over the next three, four years? We have started this product, I think, from the last year itself. So this has been in existence for the past nine to 12 months.

Is there some conversion? Because this number is fairly large. And what is the profiling?

I mean, who are these users which are like, what is the profiling of these users? If you can throw some light on that.

Neha Singh: Yeah, thanks a lot for that question. So yes, Tracxn Lite is an initiative that we are very excited about. Just to give a context of why we launched this in the first place is historically, we have acquired about nearly 4 lakh users across all the platform.

And whenever we acquire a user, currently, there is no way for them to

continue to see all the things that are happening on the platform, right? They would typically be given a few days trial by the sales team. And after that, there's no way for them to continue to see what is getting added to the platform, right?

So that's why we launched Tracxn Lite for more product-led growth. And this was actually this year itself. So this is only about nine months old, wherein the users have actually an opportunity to keep seeing the platform, to keep seeing a limited view of the platform so that they are actually able to see the data that is there.

And this actually gives us a very good funnel of users who are already sort of, you know, who have seen it, and then, you know, take a trial or, you know, ask for updates, right? So, and even the numbers that you saw are actually very good numbers, right? Like we were able to have more than 65,000 users signed up organically throughout the, you know, across the platform.

Currently, if you look at the monthly active, it's more than 20,000. So that's like a large set that we're talking about, right? This has, you know, the relevance set only like, you know, anyone who is sort of looking at this data would actually be sort of active in that sense.

So it's sort of a fairly relevant in that sense. Coming to the metrics, I think, you know, we'll probably share more metrics as we have. But the idea is that we do see this as becoming a very large acquisition funnel.

And typically, what happens is that, you know, someone keeps seeing a platform a few months, and after a few quarters, we actually see a good, you know, funnel through that, right? Anecdotally, we have already been, you know, hearing from the sales team that, you know, the customers that they signed up, they initially said that, you know, they've seen Lite, and then they came for a demo, right? So this is something that we are already anecdotally seeing.

But we do believe that this will actually, you know, show a lot of good results in the, for us to be able to accelerate the customer acquisition in the quarters to come.

Varij Bangur: Okay. And in your response, you said that, historically, you have added 4 lakh users. I mean, what is that number?

Neha Singh: Historically, anyone who has come to the platform, or we have reached out or, you know, have had any sort of interaction across all the properties that we had. So this is the, you know, this is the sort of large universe that we would have sort of touched.

Varij Bangur: These are unique users you're talking about. Yes, unique. And a follow up on the previous participant question, I think someone was asking about a 100 crore revenue runway, when you would be able to reach?

So earlier, I think our price per customer account was in the range of six to six and a half lakhs. Currently, if you see, I mean, even if there is some lead or lag, the price per customer account has reduced. Is my understanding correct?

Neha Singh: Right. So I just currently it's about 5.9, right, like per user per account per year. If you see historically, it has been in a similar range.

So even if you look at, you know, three years back, FY21, our, you know, ASP was 5.8 lakh, then it increased to 6.5 lakh, right? Last year, it was 6.5 lakh. Right.

So it has been fairly range bound, I would say, in that sense, from like, you know, five and a half to six and a half lakh for the last three to four years. So yes, there's a little bit of decrease, which is there if you compare it to last year, you know, last financial year, if you compare it back to now, there's a little bit of decrease. That's primarily because of the fast pace of addition of the new accounts.

Right. So if you look at it, we have added nearly 300 accounts on a base of 1200, you know, across the last three quarters, which is nearly 25% increase in terms of the number of accounts getting added in the last three quarters, right. And, you know, as we mentioned before, a lot of the new users that come in, they actually start small, right?

So they typically start small, and then we are able to sort of upgrade them over time. So our average user per account, we have average number of three users per account, but the most of the new accounts that we acquire actually start small. So that's actually also whenever you have like this fast pace of addition of new accounts, you know, there, you can actually see some, you know, the realized present to be going slightly lower.

But for us, we actually, you know, sort of viewed in a very positive light, because this actually gives us a good set of accounts to go behind that we can expand, you know, going forward.

Varij Bangur: Just a last question on a view, let's say, from a four to five years view, where do you see your number of customers account maturing? I mean, globally, do you see that if you reach, let's say, eight to 9000 customers account in let's say, five years or six years, then you will see that we have covered the time. I mean, sitting today, how do you see about the target addressable market that you can cover in the next four to six years?

Neha Singh: Sure. So without, you know, because we don't sort of give obviously projections, but just to, you know, take that. So time is obviously really large, right?

Like we have mentioned about that we are currently single digit percentage of the total addressable market. And even if we grow to five times the current size, we're still talking about like a nearly a single digit to 10 digit mobile market. And we believe that, you know, the time is fairly large in terms of the private market data.

And, you know, I think, currently, it is more about for us to, you know, like reach out to more number of users, more number of accounts and get ourselves, you know, educate more number of sort of accounts or the offering, which is what we are sort of aggressively working on. So that's why you see, you know, in our 10 year old journey, obviously, the first, you know, six to seven years were disproportionately spent in building the data platform infrastructure, you know, the offering. And in the recent, you know, one or two years, you see us investing more across the various growth initiatives, right?

So that's your natural sort of journey, which is the market, we believe that's very large, right? So just to give a perspective, right, like if you look at public markets today, for any limited partner, right, like if they allocate between, you know, 75 to 80% of their AUM to equities, they are allocating anywhere between 10 to 15% of their AUM to private markets, right? So essentially, your private market data platforms can become one 10th of the size of your public market platforms.

And there are multiple billion dollar revenue companies in the public market space, right. And so we believe that even in the private market space, there'll be companies getting created off half a billion dollar revenue of a billion dollar revenue in the years to come. And that is a space that we are actually playing in.

And that's why we are sort of fairly excited about it. We think that we are among the top few players globally and have a good shot at creating a large company within this asset class.

Varij Bangur: Thank you so much.

Moderator: Yeah, so the next question we have is from Mr. Riddhish. Yeah, you can ask your question.

Riddhish Broker: Yeah. Hello. Am I audible?
Hello.

Moderator: Yeah, you're audible. Go on.

Riddhish Broker: Yeah. Hi, Neha. Thank you for the opportunity.
So Neha, I have two questions. And the second one is obviously related to the first one. So I'm sure you will be doing the traffic analysis of the website.

So I just wanted to understand what percentage of your unique visitors in a month would be coming from the US?

Neha Singh: Okay, I'll take that. Yeah. So we, so I think in terms of the, just to answer that, the traffic is a function of the data that we have, right.

And you can actually, so the data is, so the data that we have on the public pages is essentially of companies, of sectors, right. And if you look at our spread of companies, so today we have about 3.7 million entities that we track on the platform. North America is actually the largest, and within that US is the largest country, right, because it's just a function of how many companies are getting created in that geography, right.

So our coverage is actually based on the amount of interesting companies who are there in that geography. And that's how we sort of build the coverages, right. So that's a function of how many public pages that we would have, which are focused towards that geography.

And the traffic would be sort of related to, you know, the kind of data that is there, because if someone is coming for a company in that geography, they're typically based out of that geography, right. So that is why you probably have traffic to be some correlation of the kind of data that we have on the platform, which, for instance, you know, North America is one of the largest.

Abhishek Goyal: Okay, US is large, UK is large, Canada, Singapore is among some of our larger geographies. India is obviously very large because we have a lot of high quality data here. But outside India, US, UK, Canada, Singapore, Australia, Philippines, you have a wide set of traffic sources.

Riddhish Broker: Okay, so why I'm asking this question is that I agree that the private equity market has not been great in the last two years. But the accounts or the number of accounts which you have, like your closest competitor, if I'm not wrong, is PitchBook, right? And the total number of accounts that you have would be around one tenth of what PitchBook has.

So there is a huge opportunity size, which is there. Even if those accounts don't switch to you, there could be an additional software which those clients could be using, which could be Tracxn. So what is that additional feature?

Or what is that reason for that client to switch to Tracxn or use Tracxn as an

additional feature? So is it the quality of data? Or is it some additional feature which we are providing, which a PitchBook is not providing? Can you give me some answer to them?

Neha Singh: Sure,

Abhishek Goyal: Sure. So I think there are two things. One is on the data front, we feel that we are reasonably close to the market offering.

There are always gaps that you discover, and then you fill them up. But we are largely there. On the distribution side, we need to do a lot more work.

I think we have not done as much work on distribution side in North America so far. And in coming years, we'll end up spending a lot more energy there. As we are scaling our vertical teams, we'll create vertical teams around those geographies as well.

So we should see a good ramp up once those teams start to reach a maturity stage.

Riddhish Broker: Okay. So in terms of some features, you are saying there's not much differentiation, right? Like how you have live deals on your portal.

So there is nothing unique in terms of features is what I want to understand.

Abhishek Goyal: So we do have a few unique things that we only provide. So for example, we have a sector level classification on companies, which allows us to give like human curated competitor list, which is very unique to us. Nobody else in the market provides that.

So we have similarly built a lot of features which are unique to us and which we feel that can give us long term advantage once we build distribution in these geographies at a much leaper scale.

Riddhish Broker: Okay. Thanks so much.

Moderator: Thank you so much. In the interest of time, I think we will have to close this call now. In case you have any further questions, you can reach out to the management at investor.relations@tracxn.com.

I will now pass it on to Mr. Abhishek and Ms. Neha to give their closing remarks.

Neha Singh: Yeah, thanks a lot, Devanshi. And thanks everyone for joining us today. I hope you got a good understanding for recent business update and we've been able to address some of your queries.

As Devanshi mentioned, in case you have any follow up queries, please feel free to reach out to any of us at neha@tracxn.com or you can reach out to Abhishek and Prashant or you can write to our team at investor.relations@tracxn.com. Thanks again and have a good rest of the day.

Prashant Chandra: Thank you.

Disclaimer: This transcript has been edited to remove and / or correct any grammatical inaccuracies and inconsistencies in language that might have occurred inadvertently while speaking.