

Date: **24<sup>th</sup> February, 2025**

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001  
**Scrip Code: 517214**

**National Stock Exchange of India Limited**

Exchange Plaza, Plot No. C/1, G Block  
Bandra – Kurla Complex, Bandra (E)  
Mumbai – 400 051  
**Scrip Code: DIGISPICE**

Sub.: **Transcript of the Investors/Analysts Conference Call held on 17<sup>th</sup> February, 2025**

Dear Sir/Madam,

In continuation to (a) our letter dated 12<sup>th</sup> February, 2025 intimating you about the schedule of the conference call for Investors/Analysts on 17<sup>th</sup> February, 2025 with senior management team ; and (b) our letter dated 14<sup>th</sup> February, 2025 sharing the investor presentation, please find attached herewith the transcript of the aforesaid conference call.

The transcript will also be available on the website of the Company at <https://investorrelations.digispice.com/information.php?page=transcripts>

You are requested to kindly take the above on record and acknowledge the receipt of the same.

Thanking you.

Yours faithfully,  
For **DiGiSPICE Technologies Limited**

**(Ruchi Mehta)**  
**Company Secretary & Compliance Officer**

**DiGiSPICE TECHNOLOGIES LIMITED  
Q3 & 9M FY25 Earnings Zoom Webinar**

**February 17<sup>th</sup> , 2025**

**Management Participants:**

**Mr. Dilip Modi      Chairman, DiGiSPICE Technologies Limited**

**Mr. Sunil Kapoor      Whole Time Director & Chief Financial Officer, Spice Money Limited**

**Ms. Aastha Garg      Head Investor Relations, Spice Money Limited**

**DiGiSPICE Technologies Limited**  
**Q3 & 9M FY25 Earnings Zoom Webinar**  
**February 17<sup>th</sup> 2025**

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**Moderator:** Good evening, everyone. A very warm welcome to the Earnings Zoom Webinar of DiGiSPICE Technologies Limited for Q3 & 9M FY25. We have with us Mr. Dilip Modi – Chairman of DiGiSPICE Technologies Limited ('DiGiSpice' or 'DiGiSpice Technologies'), Mr. Sunil Kapoor – Whole-time Director and Chief Financial Officer, Spice Money Limited ('Spice Money') and Ms. Aastha Garg – Head, Investor Relations, Spice Money Limited. Before we begin, I would like to state that some of the statements made in today's discussion may be forward looking in nature. The actual results may vary as they are dependent on several external factors. A statement in this regard has been included in the Result Presentation sent to you earlier. We will commence the call with the management taking you through the operational and financial performance for the period under review, following which we will have an interactive Q&A session. I would now like to invite Mr. Dilip Modi to commence the presentation. Over to you, Dilip. Thank you.

**Dilip Modi:** Thank you, Amit. Thank you so much. Let me welcome you all. Good evening to the Quarter 3 Earnings Call for DiGiSPICE Technologies. It's always a pleasure to connect with all of you. Some of you have regularly been attending these presentations on a quarterly basis. Thank you for your time and thank you for your interest in joining us. I know there are many other investor presentations happening at the same time, so thank you for taking out the time to hear us out.

Friends, we are building something really exciting at DiGiSPICE Technologies Limited in a part of India that is small towns, and we are really taking the benefits of technology and the use of digital to drive financial services deep into Bharat.

Today DiGiSPICE Technologies has become a focused FinTech company where we are building a leading FinTech platform under the brand Spice Money. We are progressing on this quarter-on-quarter.

I would love to share with you today on some of the new products that we have launched in this financial year and give you some sense of the progress that we have seen in Quarter 3 on those products.

As a company, we are focused on digital financial inclusion, a very critical theme for our country, and we are truly using the power of technology to drive penetration of formal financial services into deep India.

So, let me start my presentation by taking you through an executive summary of where we are closed on this quarter. So, effectively, friends, just to kind of recap, DiGiSPICE Technologies is building its fintech business under the brand Spice Money. This is a company that has built a digital financial services platform which onboard small merchants in small town India and they double up as assisted digital payment points for consumers in small towns.

So, what it effectively means is millions of consumers in small towns in rural India are able to go to their nearby merchant to withdraw cash from their bank account, to deposit their EMIs, to pay the electricity bills, to open new bank accounts, and to get access to many more related services.

So, effectively, as in urban India, we see huge digital payments play out, in small town in rural India, we are seeing merchants play a big role in helping digitize cash and in becoming a strong assisted digital payments network. DiGiSPICE through Spice Money has built one of India's leading assisted digital payments networks in small town India.

So, if you look at the summary page, on the left-hand side are our four key strategic building blocks for what we are building out from a value creation point of view. The first is consolidating our share of the core digital assisted payments industry and maintaining market leadership, making sure we double down on operating leverage in our core business, using our extensive network and distribution channels and our tech platform to bring many more strategic products like savings and investments to the market with the right set of partners.

Today our network is serving as a place where customers can withdraw cash and deposit cash, as well as pay their bills and open accounts. Going forward, as they open more accounts, we are looking to see how to make them into fully banked customers with respect to saving and investment products and many more related credit related journeys for them.

As a third building block, credit continues to be an important part of our journey going forward. We are in the process of working with the regulator to look at a strategic NBFC acquisition from within the group so that we can use it as a platform to create our own credit products for our captive merchant base, as well as MSME around the merchants.

And finally, something that I would love to talk to you about on this call is, how we are entering the UPI space. We are building something truly unique, which will allow us to expand the UPI consumers. Today, as a country, UPI, which is our pride, we have seen over

400 million consumers adopt the UPI platform to do digital payments, but there is an opportunity to bring in another 300 million to the UPI platform.

We, at Spice Money, are now committed to contribute to that part of the challenge and the opportunity. And we have got our license from the regulator, which is the Prepaid Instrument License, which is now interoperable on UPI. And we have launched our Spice Pay product that I will talk to you briefly about today, which is our entry to UPI.

So, just as a quick update on Quarter 3, you know, we continue to be a market leader in the Aadhaar-enabled payment system business with a market share of above 17%. Like you have the UPI stack, you have the Aadhaar-enabled payment system stack where customers are using their biometrics seeded into the bank accounts to transact with their bank account, whether it's to deposit cash or to withdraw cash.

We at Spice Money have a leading market share of 17%, and we have held this. In fact, now we have got closer to 18% market share, and we are looking to continue to focus on growing this. From just being a cash deposit and a cash withdrawal network, Spice Money has become today one of the largest collections networks in small town India.

So, today, we have also started, our merchants have started also functioning as collection points for strategic partners like MFIs and NBFCs in small towns. And we have seen significant growth in our collections business, a growth of close to 80% year-on-year. Also, in addition to AePS, we have seen our collections becoming a big part of our story.

The third one is Current Account Savings Account. This has been a significant focus product for us in the last one year. And again, we have seen significant year-on-year growth, triple-digit percentage growth in the number of accounts we have opened for our strategic partners in the last nine months to a year. Currently, we are opening over 2,000 accounts a day.

So, effectively, if you look at our network over the last 5 years, it has consolidated its position in helping people engage with their bank account. So, instead of going to a bank branch or an ATM machine, consumers are finding it much more convenient in small towns in rural India to go to their merchant who signed up on the Spice Money digital platform to transact with their bank account. This is using their biometrics seeded into the bank account and we have a leading share there.

Now over the last year, we have also doubled up this network from a collections point of view and also from a point of view of opening new bank accounts. So, from being an ATM network, it is becoming a CDN network to also becoming an effectively a bank branch network, helping consumers not only transact with existing bank accounts, but also open new accounts.

Spice Pay, which is our UPI offering, we have now launched this. We have done our beta launches in select districts in the States of Bihar and Madhya Pradesh, which are our strongholds markets from a network point of view. I would like to talk a bit about that.

And then finally, from a corporate actions point of view, we have applications which have been filed in with the regulator with respect to the NBFC acquisition. And also finally, in terms of amalgamation of Spice Money, which is today sitting as a subsidiary of DiGiSPICE Technologies to merge it into DiGiSPICE. Effectively, you know, our subsidiary which is Spice Money, our FinTech business, will get merged into DiGiSPICE Technologies.

This process is well on its way since August 2024, and we are going through the necessary statutory approvals, and we will keep you updated through the stock exchange announcements as and when we get the approvals coming through. So, effectively, you know, DiGiSPICE is now a very focused fintech company, and we are focused on meeting the unmet formal financial needs of Bharat using technology.

Over the last 5 years, if we move to the next slide, our main asset that we have built is our strong digital merchant network, which is doubling up as an assisted digital payments network in a small town, India. If you see between FY '20 to December 2024, we have grown from close to 240,000 merchants to now over 1.5 million merchants who have been onboarded on our Spice Money digital platforms.

Effectively, you can think about it as 1.5 million small shops in small towns and rural India effectively serving as digital payment and banking points for millions of consumers. This is a network that we have grown at a CAGR of over 55% and something that now we are looking to consolidate.

If you look at the right-hand side, you see that we have got deep presence across North, Central and East India. And now we are deepening our presence in West and South of India. So, our goal is to make sure that we can get as close to consumers in small towns and rural areas to be able to give them access to digital payment and banking points. And effectively, these are consumers who tomorrow will go digital, and they will look at both our merchants as points where they can transact but also points which can assist them in their digital journey.

Before we get into the details of Quarter 3, I would like to share with you our entry into the UPI space. We believe that today India with over 400 million consumers is all set to figure out the next journey and that journey will come from Bharat, it will come from small towns. Today, there are multiple reasons which are holding back consumers from getting onto UPI, and we are trying to solve for some of them.

So, because we have an extended merchant network through which we get access to millions of consumers who transact on our network, we are effectively playing a role in digitizing cash at the last mile. Our goal is to ensure that we also play a role in onboarding many of these consumers onto UPI.

So, on the next slide, I would like to share with you the journey that we have started with Spice Pay, an initiative within Spice Money. This is our UPI offering. It is a unique product that we designed to secure UPI transactions without exposing your bank accounts. Effectively, it runs on a prepaid instrument wallet. Three years back, this wallet was made interoperable with UPI which basically means instead of just bank-to-bank transactions, you can have bank-to-wallet and wallet-to-bank.

Now for a cash-first consumer who has never used a digital payment instrument, we have created a product where now he can open a full KYC PPI wallet, load it with cash, and start doing digital payments. This is something that we are piloting in two of our strong markets in Bihar and Madhya Pradesh. And a few of the services that we have gone live with our full KYC wallet is around to send and receive money, add cash, bill payments and recharge, including scan and pay.

So, I would like you to visualize that, today, many cash-first consumers who want to do digital payments, what are their options? Because still they don't, you know, most of the UPI platforms today are focusing on moving money from bank to wallet, while many cash-first consumers are looking for opportunity to add cash to wallet and be able to do digital payments from there.

If you see between October to January, which has been our beta period, we have already opened over 13,000 wallets out of which 10,000 wallets are active. These are small numbers for now, but this is a pilot phase, but just to give you a sense that, you know, we are already beginning to see, if you see the services box on the left-hand bottom side, you already see people adding cash to the wallet and doing scan and pay. These are first time UPI users, many of them, you know, who are now getting exposed to UPI.

So, we built a very simple interface on the right-hand side, as you can see, where the Spice Pay app allows first time UPI users to create a digital payment instrument which allows them a digital account, which allows them to load cash as well as then use it to send money, scan and pay as well as pay their bills and to recharge. Effectively we are seeing this as a way for consumers to get the confidence to start doing digital transactions.

We have many learnings that are already on the way. We have many more services that we are looking to go live on this. We look at this as more a kind of a neo banking kind of a platform where we want to build this into a full stack financial services platform, adding many more savings, investments, insurance, and credit products going forward.

So, we really want consumers in small towns who have yet not started availing of the benefits of UPI to, you know, use this product which has been designed keeping a cash-first consumer in mind to get onto UPI and do transactions without exposing their bank account because one of the things that they have been concerned about is fraud and the journey that we have seen where they work closely with our merchants to do digital transactions, how we can build that confidence with them alongside with our merchants who will also play as points to help them to get out to the Spice Pay platform and do digital transactions on their own.

So, this is the journey that we have started. This is our baby steps into the UPI space. We are already leading in the AePS space. We built out in the collection space, and now we have entered the UPI space with our own offering. And this is something that we will keep you updated as we go forward. It's one of our big strategic goals going forward, and we believe that we can build a strong business where not only do we have merchants on our digital platform, but also millions of end consumers who are cash-first to be onboarded on our digital platform and therefore, play our role in digitizing Bharat when it comes to digital financial services.

So, I would love to talk more about this in the Q&A session, but now I would like to hand over to Aastha to walk us through the business and services update for Quarter 3. Over to you, Aastha.

**Aastha Garg:**

Good evening, everybody. Thank you, Dilip, for that. And now I will run everybody through the detailed business how we have performed in the 9 months and the quarter ended December. So, can we move to the next slide, please?

So, here, we are looking at the GTV trends, how our business has grown over the last 4 years is on the left-hand side, we can see that over the 4 years, approximately at a 33% CAGR, we have grown our GTVs. And if you see the Financial Year '24, collections as a part of GTV started contributing significantly. And now coming to the quarter performance, we can see that in Quarter 3, FY '25, collections GTV has come close to 15 crores on the total GTV of 32 crores.

So, we are saying say that collections as a part of our business is now contributing approximately 46% to 47% of total volumes. And it's come close to the AePS business. So, it's as big as our AePS and Micro ATM business now. So, this is one big development that has happened in the last 3-4 quarters. And we have been working towards building collections as a focused product in the last 3-4 quarters. And that's what is showing here.

On the overall growth of 21% in the quarter that we have done, 43% growth has come from the collections business. And we have also grown 16% against the same quarter of the previous year. So, that's how we have trended on GTVs. Can we come to the next slide, please?



Here, in line with the GTVs, we are also seeing the GM trends. So, over the last four years, again on GM trends, in line with the GTVs, GM has also grown approximately at 30% CAGR. And on the right-hand side where we see the quarter performance, we can see how each bucket has contributed to our GM.

Now, so if we see that 44 crores of GM that we have done this quarter, it's grown by almost 2% as compared to the previous quarter and 5% as compared to the previous year same quarter. So, here we can see that approximately 10 crores has now started coming from collections as a business. Though we are still very strong with our AePS and Micro ATM GTVs and GMs, but that's towards a flat trend, but GM from collections is now growing. So, it's grown 16% quarter-on-quarter.

And if you see also one more thing that we would like to call out here is subscription packs. Subscription as revenue, if you see, has grown approximately 80% as in this last one year. So, if we see last same year Quarter 3, we were doing approximately 2.5 crores from subscription packs while it has almost reached to 4.5 crores from subscriptions that we are selling to merchants for subscribing to our business of AePS and mATM.

And hence, we are building a long-term value with them so that they keep associated with our business and we are able to get repeat business from them and they are our long-running customers when they subscribe to these packs. So, this is also a pie that is now increasing and has become approximately 10% of our GM. Can we move to the next slide, please? Yes.

So, here we are showing how we have trended on GM as a contribution from each product that we get. So, if we see in the three business lines that I called in the previous slide also, collections, subscription packs and banking are the three business lines where our GMs have increased as compared to the last year same quarter.

We have doubled down on these business lines. We have started increasing our banking accounts also. And from that, now we are generating almost 4% of our GM, 10% from subscription packs and 22% from the collections business. So, that's how these three pies are continuously increasing as a focused product that we are driving. Can we go to the next slide?

Here we are looking at CMS business in detail. So, if we see the GTVs of CMS have increased by approximately 51% as compared to the previous quarter and approximately 80% as compared to the last year same quarter. When we try CMS, our major goal is to drive large CMS counters or SMAs who are giving us approximately 90% of our collections business.

So, if you see that here the last CMS counters have increased by 20% quarter-on-quarter and approximately 32% year-on-year. So, these are the counters which are today giving us 94% of our total CMS GTV. These are big counters who contribute to, you know, the cash collections that are happening on ground and they are growing consistently. So, this has been the focus

for us. And again, if we see the financial, again, if we see the transacting enterprises also, those have also increased and we are trying to get more and more partners on board. Next slide, please.

On BBPS, we have almost trended flat this quarter. BBPS, electricity and others have had a seasonal impact because of this quarter being a lighter one. But on EMI and others, we have remained a little flat this quarter.

The focus here for us is to grow and maintain our repeat customer base so that we work with them again and again, and we are able to drive that repeat behavior that they come to our platform for doing these bill payments. And on that, if we see year-on-year, we have grown approximately 23% as compared to the previous year same quarter. Can we move to the next slide, please?

Now coming onto the banking business. So, now if we see the banking business in detail, we have approximately opened 7.8 lakh saving accounts till date and approximately 50K current accounts till date.

One big thing that we have started generating float income, which is a recurring set of revenue stream for us from these accounts. So, almost 130 crores is a balance that we maintain in these accounts today, and which is helping us generate a float value also. That's a revenue stream, recurring revenue stream.

And then if we look at the Adhikaris who have opened 5+ accounts, that number has reached to approximately 27K Adhikaris who now are basically working with us on a repeat basis and opening more and more accounts on our platform. So, that's showing a behavior of a repeat or a large banking counter. So, we have approximately 27,000 big banking counters today. Can we move to the next slide, please?

So, coming to credit now, credit, as Dilip already mentioned, has been a focused product that we have been trying to build in the last couple of years. And if we see the performance today, we have now started focusing majorly on the secured loans and on secured loan distribution with multiple partners.

So, here we see on the right-hand side, quarter-on-quarter, we have approximately grown 1.9x, almost 2x in the secured loan business as compared to the previous year's same quarter and almost held ourselves as compared to the last quarter. A little de-growth looking there because a couple of partners that we have had a journey with, but this is a business that we are now focusing to grow more and more. And looking at the current trends, we have reached approximately 20 crores a month kind of a GTV from secured products distribution. So, this is one focus area that we are driving in credit business. Can we come to the next slide, please?

And here we will talk about our key product, that is AePS. This is a product where we have been a market leader and looking at this quarter performance, if we see Q-on-Q, we have grown approximately 11.5% as compared to the industry growing by approximately 9.6%. And our market share has also grown as compared to the previous quarter by approximately 30 bps.

So, this is a space where there have been major regulations have been coming, and this space even after a lot of these transaction limits coming in and transactional 2FA coming and going and we have been able to stay and hold our market share in this core product.

Our transactions size also, if we see the transactions attempted have also grown quarter-on-quarter by approximately 8.6%. So, we know that the customers are still coming on our platform to do AePS and they are increasing quarter-on-quarter. And the success ratio of transactions also is maintained.

Also, if we see the large AePS SMAs, they have grown by approximately 25% this quarter. So, we see after the transactional 2FA going out, we have seen a growth in this metric and again, big counters have started increasing their GTVs. So, that's where we are with our major product AePS.

Now, I would like to hand over to Sunil for the financials presentation. Thank you so much.

**Sunil Kapoor:**

Hello. Good evening, everyone. This slide contains about the consolidated financial highlights. If we see the Quarter 3 Financial Year '25, there is a customer GTV of 31,951 against 26,258 crores in the previous quarter. There is a growth of 16%.

However, our revenue has grown 7% quarter-on-quarter and 2% on Y-on-Y. And consequently, the gross margin has increased by 3% from Rs. 43 crores to Rs.44 crores. And if you compare it with the Y-on-Y, it's a 5% increase and indirect cost from Rs. 46.4 crores to Rs.45.9 crores, which is almost flat. And EBITDA has improved due to the gross margin and some bit of reduction in indirect costs from (-3.2) crores to (-1.9) crores and consequently, EBIT Rs. 40 lakhs in the last quarter moved to Rs. 2.8 crores in this quarter and PAT from the continued business is a positive in this quarter of almost Rs. 1 crore against Rs. (-1.5) crores in the previous quarter. And PAT discontinued business is Rs. 90 lakhs in this quarter and overall PAT is Rs. 10 lakh rupees positive and PAT in the earlier quarter was Rs. (-1.6) crores. So, the point is to be highlighted with respect to YTD figures, if we see that PAT continued and discontinued business is Rs. (-25.7) crores in the previous nine months and in this nine months we are trending about Rs. (-1) crores. And if we see on the tenth line item, which is a notional gain loss on investments which is mark-to-market recognition of investment what we have made that has nothing to do with the cash flows or the profitability of the company. But from the accounting standpoint of considering after this notional loss, PAT is Rs. (-26.6) crores for 9 months and Rs. (-25.7) crores in the previous 9 months.

Can you move to the next slide please? If we, what I have presented in the previous slide, if we see this slide, we have a breakup into the platform business and the relatively new initiatives what we are trying to build is Spice Pay and credit distribution. If we see that we are investing for these two, these two new initiatives that is resulting into investment of Rs. 3.3 crores of EBITDA loss in quarter 3, financial year 25 and for nine months is Rs. 8.1 crores. So this shows about our investments into the new initiatives, and which may be generating the revenue and the gross margin and contributing on overall operating efficiency of the company going forward. Thank you. I am handing it over to Amit.

**Amit K. Sharma:**

Thank you, Sunil. With this, we will now open the floor for the Q&A session. Any participant who wishes to ask a question may please raise their hand and I will ask the console to put you front to ask the question or alternatively you may ask write your question in the chat box which I will read through to be answered. Any participant who wishes to ask a question may raise their hand or write the question in the chat box. We will wait for some time till the question queue is assembling.

**Amit K. Sharma:**

We have our first question from Aniket Redkar. DiGiSPICE has a 17% market share in Aadhaar-enabled payment system, which is AePS. What strategies are being implemented to further strengthen this position?

**Dilip Modi:**

Aniket, I will take that to begin with. So, thank you so much for your question. Aniket, the way we see the Aadhaar-enabled payment system today, if you see the country, the headline point is that over 550 million Jan Dhan accounts, but over a billion biometrics registered. And most of the accounts have their biometrics seeded in it. So, like in UPI, the transactions happen when your mobile number is seeded in your bank account. AePS is a way to transact with your bank account using your biometric. This is an industry of close to 60,000 crores a month, which is basically 60,000 crores worth of AePS. Cash withdrawal transactions are happening, both on-us and off-us. And when we talk about our 17% share, it is basically off the off-us market, which is approximately about 23,000 crores out of 60,000 crores. The way we see this market is that there are players who have entered this space at a regional level. We are one of the few national players who have a national presence. We see an opportunity because now this space is also going to get consolidated due to a lot of self-regulation as well as a need to bring in more products to drive cross-sell for the merchants to grow income as more and more merchants are enabling customers to withdraw cash, they also are providing other services. And for us, as we are growing our lines, especially like collections, feeding in a good working capital source for the other merchants as well to do this business. So I think there's a lot of need for innovation, new products, need for self-regulation, a lot of focus on compliance, which companies like ours are fully doubling down on and make so that we build this business in a very responsible way.

So, we're very confident if you look at our market share at a state level, there are many states in the Northern East where our market share is upwards of 20%. And in the south, it's sub

10%. So, we are looking at a state-by-state strategy of how to grow AePS market share. And therefore, what you see at 17% is at an all-India level. But as you see that as we get more denser coverage in South and West, those markets will also start improving market share beyond 10%, which will help us go closer to 20% plus market share on an all-India basis.

**Amit K. Sharma:** Thank you, Dilip, for the detailed answer. The next question is from Naman. I would like console to open his audio.

**Naman:** So, my first question pertains to the CMS GTV. So, it's a huge leap, 51% quarter-on-quarter. I understand that it was led by an increase in the number of large SMEs. But what I ask you is that the increase in the number of large SMEs, was it a result of conscious action that was taken or otherwise and what kind of traction can we expect in the next 3 to 4 quarters? Thank you.

**Dilip Modi:** So, Naman, thank you for that question. The growth in GTV is a combination of both growth in large SMEs as well as growth in business per enterprise. So, one of the things that we are doing is we are doubling down on some of the larger enterprises and doing more with them to drive more stickiness. So, it's a combination of both growth in collection points as well as growth in business per enterprise. So, both of them continue to be drivers as we go forward. Aastha, you want to just add to that?

**Aastha Garg:** Yes, so Naman, here as Dilip rightly mentioned, we have added some couple of big enterprises who have helped us grow business significantly in this last quarter, and that's reflecting in how we have been able to increase business size per counter also. So overall, both the counter volume, and the numbers of counters have grown in this quarter leading to that significant growth in GTV and GTV forming a significant portion of our overall GTV also.

**Amit K. Sharma:** Thank you, Aastha. Naman, hope that answered your question. Any further questions?

I think we will move on to the next participant. Before that, I would like to request participants to ask a question please raise your hand.

**Naman:** So, my next question relates to the recent GST order that was received by DiGiSPICE amounting to somewhat Rs. 4.3 crores. Any updates that you can give about that?

**Sunil Kapoor:** May I take this question?

**Dilip Modi:** Yes, Sunil, go ahead.

**Sunil Kapoor:** So, this GST notice what we have received for the, some of the export services, what we were doing with the erstwhile discontinued business. And we have provided, because we were not given enough opportunity to, kind of put our view on the record. But we are hopeful that we have now provided almost all the details with respect to the collections, whatever the export

was there, and we are very hopeful that this case will be in our favor and whatever the provisions we have to follow, we have followed that.

**Amit K. Sharma:** Thank you, Sunil. Okay, thank you, Naman. So that answers the question. Before we move on to Pratik for the next question, I would like to request participants to ask a question, they may raise their hand or put their question in the chat box. Next question comes from Pratik Giri. The impact of 2FA on remittance, are you seeing this receding now or is it still leading to the decline in remittance volumes?

**Dilip Modi:** So, Pratik, the two-factor authentication was something that came in at a transaction basis for our AePS business, which now has moved on from not having to apply on every transaction to just the first transaction of the day. So, as Aastha showed in the AePS numbers, we have already seen the impact of that quarter-on-quarter on quarter 3 versus quarter 2, in terms of growth in volumes of business. So effectively, now we just have a two-factor authentication on the first transaction, not on every transaction. We will have to wait and watch how the volumes continue to look at going forward because there continue to be transaction limits set by the banks and all that. As an industry overall, Pratik, we have to closely watch fraud to sales ratios. We are working in a part of India that's very financially vulnerable. So, we have to make sure that we stay on top of it. We at Spice Money continue to invest in our kind of fraud monitoring models and systems to make sure that we can keep the ratios under control. So, I think this was something which was put in more to control fraud to sales, which I think now has been controlled. I think the growth in volumes will be more driven by other events like growth in subsidies at a state level or overall growth in remittances. So, I think the impact of 2FA has kind of waived off once it's been removed from a per transaction basis to just the first transaction of the day. Aastha, you want to add to that, any point that I may have missed?

**Aastha Garg:** I think you've covered the points.

**Amit K. Sharma:** Thanks, Dilip. Before we move to the next question, I would like to request participants to ask a question, they may raise their hand or write questions in the chat box. Next question comes from Aniket Redkar. So, he says, thank you, sir. Can you elaborate on the impact of UPI adoption and zero balance savings accounts on transaction volumes and revenue growth?

**Dilip Modi:** Okay, so effectively, Aniket, we believe that as an industry, we have to solve for growth in number of UPI users from 400 million to 700 million as a country. So, the next 300 million users on UPI will come from Bharat. I think the way we are seeing the growth in zero balance savings accounts, and we showed in our presentation that we're doing close to 2000 accounts a day. This is just demand for more accounts because now, as an ecosystem, we are pushing for more transactions, going digital, moving from cash to a cashless economy. So more and more people have accounts, more and more receiving their salaries into accounts, benefits into accounts and all of that. So that's driving the adoption of accounts. UPI as digital

payments is growing more and more services are going digital, even on many platforms like BBPS, things like gas booking and all no longer are enabled through cash payments, you have to make digital payments. So, there is a need for a digital payment instrument, whether it's an account or a wallet, to make a digital payment. So, if you have to grow digital payments, we have to move cash to digital. And so, to us, whether it's a zero-balance savings account or a PPI wallet interoperable on UPI, I think both of them can help the consumers make digital payments. I think this will definitely have an impact on transaction volumes as Aastha showed us that the float balances on the accounts that have been opened have grown to over 130 crores. And so therefore this does have implications on revenue with respect to float income. On transaction volumes, of course, the whole idea is that as we open up more wallets, we will see transaction growth happening and subsequent to that revenue growth will follow. So to us, fundamentally, we are working to see how we can enable more and more digitization in small towns by enabling customers to have access to more digital accounts, whether it's a full-fledged bank account or a wallet. Both serve the purpose of enabling people to do UPI and make digital payments. So, we'll continue to focus on that, and I believe that will lead to both transaction and revenue growth down the line.

**Amit K. Sharma:**

Thank you Dilip, for that answer. Next question is a repeat from Aniket. Are there any plans to expand into adjacent fintech verticals, such as insurance distribution, wealth management, or AI-driven financial services?

**Dilip Modi:**

Absolutely, Aniket. There is so much of work happening in the AI space. And we are very encouraged by a part of the start-up ecosystem also looking at local language models and also looking at how we can use AI to drive down cost to serve and be able to innovate for small ticket financial products. So, we are committed, we are a tech-first company, we are committed to leverage AI and are working to find partners in this space. We will work through collaboration both on product and technology. Insurance and distribution and wealth management is something there are lots of players out there. Multiple mutual fund companies, multiple insurance companies who are looking to access Bharat, access small merchants, small consumers. So, as a tech-first platform, our goal is to integrate with them and therefore leverage our network, distribution reach and our platform to be able to offer more services. We have started with collections, moved to banking. And within banking, we started by opening accounts. We have started by distributing credit. Now, do you know whether it's FD, RD, mutual funds, insurance, this is the direction we are going to move. And AI is going to be a big part of our strategy going forward because we are serving a market which needs us to keep reducing cost to serve and increase the reach and penetration of these services to many consumers. So, as we have seen with AePS, it's enabled us to bring down the cost of delivering an ATM service to the masses of India. So, technology is the answer to help us reduce costs and drive reach.

**Amit K. Sharma:**

In this series, last question from Aniket is, how is DiGiSPICE leveraging technology to enhance digital lending and microfinance services? What growth potential do you see in these areas?

**Dilip Modi:** Aniket, one of the things that we are very committed to is striving formal penetration of formal credit into small merchants in small towns. We have 1.5 million small merchants already on-boarded on our platform and there's a lot of data around these merchants we have. Many of them are new to the Bureau as well. And therefore, how do we unlock the power of alternate data to be able to give them access to formal credit products? There are many lenders out there who do not lend to them because of lack of collateral, lack of adequate data around them, lack of access, because there aren't enough branches in small towns and in rural areas. So obviously digital is going to be the way forward. I think microfinance has been a big revolution in India, but I think with technology, there's an opportunity to create a kind of 2.0 revolution. So, I think here we have started with, working with partners on the secured lending side. I think using alternate data, we will look at how we can work with partners on the unsecured lending side? Do we want to be a little careful around that? We closely watch the regulators' guidance around making sure that there is no over leverage as well as doing proper income assessment. So, because we have merchants transacting on our platform, it gives us opportunity to also do some of those things better. So, we are taking this journey forward and credit is going to be definitely the next growth engine for us.

**Amit K. Sharma:** Thank you, Dilip. Before we move into the next question, I would like to request participants to ask a question, they may raise their hand or put their question in the chat box. I will now take Utsav Behati's question before Aniket Redkar. Utsav asks, sir, are there any pressure on the margins? GTV has grown by 16% YoY, whereas revenue and profitability are not in line?

**Dilip Modi:** Aastha, do you want to pick up on the point of product mix and impact on margins and revenue?

**Aastha Garg:** Yes. So Utsav, here though our GTV has grown more and we, as you rightly mentioned, the revenue and profitability is not in line with revenue growth. But what has happened is in the product mix, if you see now collections is becoming a product where we are constantly growing GTVs. But collections as a product in compared to other products such as banking or AePS, where we are traditionally a leader, collections is a smaller margin product. So, what happens is when we grow too much on CMS, the margin is growing, but due to the change in the product mix, the overall GM is not growing in line with the growth in GTVs. So that's what has happened in the last quarter.

**Amit K. Sharma:** Thank you, Aastha. Again, a request to participants. In order to ask a question, you may please raise your hand or put your question on the chat box. The next question comes from Aniket Redkar. In terms of going digital, given the potential surge in digital payments, especially with platforms like WhatsApp entering the market, what are DiGiSPICE's plan to enhance its digital payment services? How does the company plan to differentiate itself in an increasingly competitive landscape?



**Dilip Modi:** Aniket, thank you for that question. It's a very important question because UPI has been around for some time now and lots of players who are using UPI as a way to act on many transactions. I think our differentiation is really the ecosystem that we are in. See, there's no barrier to entry of any UPI player anywhere. But despite that, we do not see the UPI numbers growing in terms of numbers beyond a level because there are some infrastructure gaps. Many bank accounts, but not many active debit cards needed to activate UPI. Many banks are not technically ready yet on UPI, some of the smaller rural banks. So, for us, Spice Pay, which is our digital wallet strategy interoperable with UPI, where you can add cash to wallet and scan and pay. If you look at telecom, historically, we were initially telecom was a postpaid market and when it moved to prepaid, even at a Panwala shop, you could top up your card to be able to recharge your phone. So, since I got it all, we have seen more of the remittances business growth. Recently, we have seen a lot of state-level subsidies growing in the South as well, which is leading to the growth in the AePS business in the South. We at Spice Money are both in the cash withdrawal, but also in the remittances space. And with the recent regulatory changes in the remittances space, we believe we have an opportunity to use our wallet product to really create a strong proposition on the remittances side, something that we'll come and talk to you in the next quarter. And I think there will be a good market for that in the South and allow us to enter the South in a sound way.

**Amit K. Sharma:** Thank you, Dilip. Next question comes from Suraj Shinde. I would like to request console to unmute Suraj Shinde's. Console, can you please unmute Suraj Shinde's platform? Suraj, you are unmuted. You may please ask your question.

**Suraj Shinde:** Just wanted to understand that in your presentation, you have mentioned that your Aadhaar-enabled business is contributing around 56% to 60% to the topline and the collection business is contributing to nearly 20% to your topline. And also, you have ventured into the other business segments. So just wanted to understand over the years, when will other ventures will contribute on the absolute basis as far as this Aadhaar-enabled?

**Dilip Modi:** With the relevant suite of products and obviously with that comes new customers. As we are looking at our UPI product, that in itself will help us bring a new cohort of consumers. And with credit distribution, we'll be able to engage with branches of many partners to also cater to their consumers. So, across the board, we are working on the way, both in terms of expansion of network, as well as our customer base.

**Amit K. Sharma:** Thank you, Dilip. So, another question from Suraj. If from the current 17% in AePS market, market share, if from current 17% market share, if we have to gain market share to, say, 20-22 or higher market share, what will be the efforts required in terms of Adhikaris and other drivers?

**Dilip Modi:** So, Suraj, as I mentioned, if you look at our 17% market share, this is at an all-India level. We have many states in the North, East, Central where our market share is already 20% to 22%

So, we have already seen that how at a state level we have been able to cross 20% in terms of AePS market share. What efforts we are doing there are efforts that we have to do in the rest of India, which is in South and West, which is working with partners onboard more Adhikaris and working with Adhikaris to onboard more customers. So, it's a playbook that we have created in the North and East that we will try and replicate in South and West with a whole new plethora of products that we believe are more relevant for those markets.

**Amit K. Sharma:**

So, thank you, Dilip, for that answer. One last request to the participants, in order to ask a question, you may please raise your hand or ask question in the chat box. As there are no further questions. So, there's a repeat question from Suraj. If you are giving commissions to the Adhikari, they are doing business for us. If competitors come and give higher commission to the Adhikaris, they will move out. What are we doing to retain them?

**Dilip Modi:**

I think Suraj, this is where Aastha spoke about our strategy on subscriptions. I think if you see we have grown on subscriptions, double digit year-on-year significantly, those contributing about Rs. 2.2 crore quarter 3 last year, now Rs. 4.4 crore quarter 3 this year. And what happens with subscription, Suraj, is that the Adhikari starts getting more onto our platform because they've paid for a longer period of time, and they've got the benefits associated with that. So there's an incentive for them to keep transacting on our platform. So, we believe that subscriptions is a good way to grow both retention as well as lifetime value per merchant or per Adhikari. So this is a strategy that's working well for us and we'll continue to work on this.

**Amit K. Sharma**

Thank you, Dilip. As there are no further questions from the participants, I would now like to hand over the call to Dilip for his closing remarks. Over to you, sir.

**Dilip Modi:**

Thank you, Amit. Friends, I would say that we are on a journey for driving digital financial services into Bharat. Today if I look at Bharat, and we look at the GDP journey for our country and the journey towards becoming the third largest economy, Viksit Bharat, I think financial services is going to be the underpinning for that. Today at DiGiSPICE and Spice Money, we built a large digital financial services network in deep parts of Bharat. And I believe that through an API architecture, we will be able to integrate lots of formal financial services into small merchants and consumers in Bharat. So, we are working in a very important, interesting and evolving space. We have earned the right to be able to innovate and build for this space. And that's why we have doubled down on it. And that is why we have said we will focus on becoming a pure fintech company and growing our business in this space. So we really look forward to your continued interest in watching us evolve in this space. Any feedback, more than welcome, please do reach out to us even between calls. And we are a company, young company that's continuing to learn as we go along. And we look forward to this journey of growth, impact, and scale in the mid to long term. Thank you very much for your interest and hope to see you. Wish you all the best. Thank you.

**Amit K. Sharma:** Thank you, Dilip. Thank you, everyone. With that, we conclude this call. You may now please disconnect the call.

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