

August 06, 2024

<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001  <b>Company Code No.: 539807</b>	<b>National Stock Exchange of India Limited</b> Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051  <b>Company Symbol: INFIBEAM</b>
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Dear Sir / Madam,

**Sub: Transcript of Earnings Conference Call for the quarter ended June 30, 2024**

In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Investor/ Analyst conference call on financial performance of the Company for the quarter ended on June 30, 2024 conducted on Friday, August 02, 2024, after the meeting of Board of Directors, for your information and records.

This transcript is also available on the website of the Company i.e. [www.ia.ooo](http://www.ia.ooo).

Kindly take the same on your records.

Thanking you,

Yours faithfully,

**For Infibeam Avenues Limited**

**Shyamal Trivedi**  
**Sr. Vice President & Company Secretary**

**Encl.:** As above

**INFIBEAM AVENUES LIMITED**

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“Infibeam Avenues Limited  
Q1 FY ‘25 Earnings Conference Call”  
August 02, 2024



**MANAGEMENT:** **MR. VISHAL MEHTA – CHAIRMAN AND MANAGING DIRECTOR – INFIBEAM AVENUES LIMITED**  
**MR. VISHWAS PATEL – JOINT MANAGING DIRECTOR – INFIBEAM AVENUES LIMITED**  
**MR. SUNIL BHAGAT – CHIEF FINANCIAL OFFICER – INFIBEAM AVENUES LIMITED**  
**MR. B. RAVI – INDEPENDENT CONSULTANT - INFIBEAM AVENUES LIMITED**

**MODERATOR:** **MR. RAJAT GUPTA – GO INDIA ADVISORS**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Infibeam Avenues Limited Q1 FY '25 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rajat Gupta from Go India Advisors. Thank you, and over to you, sir.

**Rajat Gupta:** Yes. Thank you, Neha. Good evening, everyone, and welcome to Infibeam Avenues Limited Earnings Call to discuss the Q1 FY '25 Results. We have on the call with us today Mr. Vishal Mehta, Chairman and Managing Director; Mr. Vishwas Patel, Joint Managing Director; and Mr. Sunil Bhagat, Chief Financial Officer. Also joining us on the call today is Mr. B. Ravi, who is advising Infibeam on corporate and financial strategy as an independent consultant.

We must remind you that the discussion on today's call may include certain forward-looking statements and must be, therefore, viewed in conjunction with the risk that the company faces.

I now request Mr. Vishal Mehta to take us through the company's business outlook and financial highlights, subsequent to which we'll open the floor for Q&A. Thank you, and over to you, sir.

**Vishal Mehta:** Thank you, Rajat, and thank you to everyone for joining us this afternoon. As mentioned by Rajat, for this earnings call today, joining me to walk you through the quarter is Vishwas Patel, our Joint Managing Director; and Sunil Bhagat, who is our CFO. We are also providing a slide presentation to accompany with our commentary, which is available on our site.

Before I delve into the business performance for the quarter, I'm pleased to share that the company has recently appointed Mr. Narayanan Sadanandan as an Independent Director on our Board. With extensive experience in finance and banking, Mr. Sadanandan will play a crucial role in guiding our strategic direction. His appointment strengthens our leadership team, and we are confident that his insights will significantly contribute to our growth and success.

In the first quarter, we delivered a very good set of results. And the year is off to a great start in our opinion, with year-over-year double-digit growth in net revenue, EBITDA as well as profits. Our team is operating at full throttle, and we are really starting to get our arms around the growth for this year. You will see in our numbers in the presentation that our efforts are beginning to make a difference.

We also see a substantial need for reimagining our company in the medium to long term, especially on how we execute in the world of artificial intelligence and how merchants and customer payment processes get impacted with artificial intelligence. We are encouraged by the progress to date, but remain realistic that we still have a lot of work to do and a lot of opportunity to drive growth ahead of us.

I believe that this is a transition year where we are focused on execution and making critical choices that will set the business up for long-term success. Some of the initiatives that we have undertaken like CCAvenue TapPay, which we launched will have an immediate impact. And other investments may take slightly longer to bear fruit, where we believe these investments will ultimately contribute to the sustainable and profitable growth of the company. As such, we need to maintain flexibility throughout this year to make important decisions to drive the long-term growth of the business. This includes decisions about where we prioritize and reinvest. Are we go to market and actions that can be taken to sharpen our value proposition for consumers and merchants.

With that in mind, we do expect the full year EPS to grow much similar to what we have given in guidance. Primarily, we feel confident driven by our better-than-expected start of the year in the first quarter.

Today, we also announced that the Board has approved an investment in Rediff.com for a majority stake. Rediff.com with its diverse services, including cloud-based enterprise e-mail storage, content distribution and related commerce services offers a broad digital platform. Infibeam plans to synergize its various digital payment services and platform business offerings and AI solutions with Rediff.com services creating a very comprehensive digital environment where financial transactions and content consumptions can coexist.

This integration is expected to enhance our user engagement and open up new revenue streams, in particular, Rediff's substantial user base and data assets with over 55 million monthly visitors provide a very valuable insight for cross-selling financial products using artificial intelligence.

Coming to our recent business developments and strategic front. I'm pleased to announce that during the quarter, Infibeam Avenues' Board has approved acquiring remaining 26% in Infibeam Digital Entertainment, making it a fully owned subsidiary. This strategic move aims to leverage opportunities in digital media technology in live events.

Additionally, the Board has also sanctioned creation of a new subsidiary for artificial intelligence operations focusing on AI-enabled fraud detection and prevention, particularly within the fintech sector. These initiatives highlight our commitment to innovation and expansion, enhancing our market position and driving future growth. We have entered into strategic partnerships with EDII to advance our AI adoption, and Infibeam will also introduce AI Facility Manager for enhanced campus operation.

Finally, I'm pleased to announce that Phronetic.AI, which is our AI vertical has filed for a patent with US patent office regarding system and methods to implement activity-based management using artificial intelligence.

Turning to key financial highlights for the quarter. I'm delighted to report that the company has registered a quarterly gross revenue of INR753 crores, net revenue of INR119 crores, EBITDA of INR70 crores and a PAT of INR50 crores. Our take rate in payment has been consistently improving, standing at 11.2 basis points in Q1 FY '25, which is a growth of 33% year-over-year.

We had previously guided for a double-digit take rates in '24, and we have already surpassed that during this quarter. This improvement is due to our disciplined execution, optimization and innovative approach to digital payments, reflecting the collaborative effort across Infibeam's teams.

Looking ahead to achieving our financial guidance for FY '25, we will amplify our strategic initiatives established during '24. Over the next 2 years, we will intensify our focus on elevating our international business, aiming for it to contribute 12% to 15% of our net revenue income, up from single-digit contribution currently.

In 2025, we have projected revenue growth of approximately 25%, 30%; EBITDA of around 10% to 20% and a PAT of 20% to 35%. Given our strong performance in Q1, I'm confident that we have reached the guidance. Moreover, our ongoing innovations and commitment to excellence ensures that we are well positioned to capitalize on market opportunities. We believe that our strategic initiatives will drive sustained growth and create significant value for shareholders.

With that, I will turn the call and give it to Vishwas. Vishwas, all yours.

**Vishwas Patel:**

Thanks, Vishal, and good afternoon to everybody on the call. We had a solid start to the year. The first quarter results that will be about our expectations. As Vishal mentioned, it's still early in the financial year, and we are looking forward to the holiday and festival consumer spends in the coming quarters.

So at a macro level, digital payments in India grew more than 70% in 2023 and is estimated to grow by 45% to 50% in 2024 to approximately INR54 trillion. Between 2021 and 2026, the industry is expected to grow in the range of 30% to 40% annually. The government and the regulator are also very supportive given their vision to make India digital and make it a less cash economy.

Our goal for 2025 is to fundamentally set up the business for the future by making key decisions and aligning our investment part for growth. And to do so, we are laser focused on strategic analysis and decision-making, driving innovation back into the business and executing with excellence.

While it will take time and efforts to substantially flow through results, the speed at which the team is encouraging -- is moving is encouraging, we are making steady progress. We are getting deeper in understanding both our challenges and opportunities with great clarity.

In the second quarter, we added 2,30,022 new merchants, averaging more than 2,550 merchants every day. We increased our net take rates in payments to 11.2 bps from 8.4 bps same last -- same quarter last year, which contributed to growth in profitability.

Additionally, we were granted a payment aggregator licensed by RBI as the digital payment industry in India is poised for growth, with strong entry barriers and strict compliance requirements. We plan to take full advantage of our ability to onboard new merchants.

Furthermore, we are incorporating a company in the GIFT City to start the payment aggregator business within that jurisdiction and look aggressively to do cross-border payments through our subsidiary.

For our BillAvenue business, which is the utility payments business, there has been an 87% growth in the transaction value on the customer operating unit side quarter-on-quarter. The total transaction value from the agent institutions this quarter was INR1,506 crores compared to INR805 crores last quarter. We have also seen a 2% growth in the transaction value on the biller operating unit side for BillAvenue quarter-on-quarter. The total transaction value from the billers this quarter was INR1,679 crores compared to INR1,640 crores last quarter.

Through our ResAvenue hospitality solution, we delivered 4,67,248 room nights to our hotelier clients this quarter, amounting to a value of over INR310 crores. The hoteliers benefiting are over 2,000 hotel clients across India and the Middle East. We are constantly developing new cutting-edge solutions, including the new AI-driven revenue management tools for our hotelier clients.

Embedded within our guidance outlook for the year is the flexibility to make key strategic decisions to invest and reintegrate profitable growth within the components of the portfolio and accelerate go-to-market efforts.

For the full year, we expect our other value-added services include distribution of our financial products to contribute 2% to 4% of our revenue this year, going to around 7% to 10% in a couple of years.

We have clear opportunities to lean in further, and we are doing the hard work now to position Infibeam Avenues for profitable growth in the years ahead. And it has been this incredible energizing to see the team's commitment to this goal.

With that, I now hand over the call to our Chief Financial Officer, Mr. Sunil Bhagat, for his comments on the financial performance. Over to you, Sunil bhai.

**Sunil Bhagat:**

Thank you, Vishwas sir. Good evening, everyone. For the first quarter of FY 2025, we have witnessed significant strides in our financial performance. Consistent with the approach, our guidance includes minimal impact from the new innovations and investments rolling up this year. Our focus is on execution as well as being moving from test and pilot phases into the launch. We continue to expect our guidance for 2025 as we are off to a solid start.

Now moving on to the results for the quarter. While our gross revenues increased from INR742 crores in Q1 FY '24 to INR753 crores in Q1 FY '25, registering a marginal growth. However, our net revenue increased from INR99 crores to INR119 crores, which is up 20% year-over-year. Our higher-than-expected net take rate has significantly increased from 8.4 bps in quarter 1 FY '24 to 11.2 bps in quarter 1 FY '25, registering an increase of 33%. And this has resulted in our higher net revenue, higher EBITDA and higher PAT.

Our EBITDA grew by 25% from INR56 crores in Q1 FY '24 to INR70 crores in Q1 FY '25. The EBITDA margin as a percentage of net revenue stood at 59%. Our profit after tax came at INR50

crores, showcasing a 59% increase year-over-year as compared to the same period of last year. We remain dedicated to pursuing profitable growth initiatives and driving further value for our stakeholders.

With this, I now invite the moderator to open the floor for questions and answers. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Pranav Mashruwala from Dolat Capital.

**Pranav Mashruwala:** So one question was on the gross take rate. So we usually share the data where we provide TPV for calculation of payment take rate. In Q4, it was about INR652 billion, and we had a payment gross take rate of about 102.7 bps. So could you please share for this quarter?

**Sunil Bhagat:** If you can refer the slide number 10, we have already provided the breakup of payments TPV as well as platform TPV for the quarter.

**Pranav Mashruwala:** And second question is on platforms business. So any reason for decline on a quarter-to-quarter basis? So now we don't have the GeM revenue. So is there still seasonality element in the Q4 to Q1?

**Vishal Mehta:** Yes. So we've not recorded GeM revenue, much like what we did not do in Q4 of last year and even Q1 of this year. So there's a marginal decline because of that. We believe that by end of this quarter is in Q2, we should have a pretty good idea in terms of what it means with GeM if initiated friendly arbitration. And we expect that we should be able to get some insights and provide more feedback to you in the next -- in this coming quarter.

**Moderator:** The next question is from the line of Rucheeta from iWealth Management.

**Rucheeta:** Sir, my question was on the side of TPV, which is excluding the GeM platform. So as per the calculation, this quarter, it has grown only by 4%. So what is the reason for this? And how do we see this going ahead?

**Vishal Mehta:** We report 2 TPVs. One is for the payments business and second is for the platform business. So while we have not recorded any revenue from GeM, the TPV that we report has GeM because GeM continues to use our platform. So we've not recorded any revenue from the platform, any -- from GeM platform, which is highlighted in the slides as well as in our numbers. And there's some Ind AS impact, but I believe that from a platform perspective, GeM is about INR1.2 trillion, and payments is about INR0.7 trillion.

**Rucheeta:** So if I exclude that, so a year before that, it was around 65,024, and now it is 67,691. So effectively, the growth is only 4% in the payments business other than the GeM. So what was the reason for the same is what I'm trying to understand.

**Vishal Mehta:** Yes. So payments, Q1 is normally a slower period compared to the other quarters in terms of payments. Normally, our festivals in our country, they happen in Q2 and Q3, so that is one. And second is that it's also a mix impact. So in other words, we are not reporting any UPI transactions as part of our buildup. So we also see that UPI transactions are gaining traction. But much like

platforms, we don't revenue, but we -- we'll continue to incur expenses, whatever those expenses are.

So similarly, we have told the shareholders that depending upon the outflow, we'll have a onetime gain, should there be a positive impact. Similarly, in payments, Q1 is low compared to the other quarters. But the good thing is that given our take rate and given also that we have not been aggressively going after growth in payments, we are focused on profitable growth, and we had also guided that we need to reach a higher take rate. Fortunately in Q1, we were able to achieve a much larger take rate compared to what our expectations were. So our focus is going to continue to be on net revenue and not on gross revenue.

**Rucheeta:** Right. So what is the kind of volume growth do we expect invest going ahead?

**Vishal Mehta:** In terms of the revenue guidance, we have given the revenue guidance for the year. So in terms of the revenue guidance, we have given that the lower end guidance in terms of gross revenue will be -- and if you look at Slide #12 -- 11, sorry, 12, you will see the guidance for gross revenue, net revenue EBITDA impact that we have given for this year.

In terms of transaction processing volume, TPV, we expect that there is going to be an increase -- we hope that this coming quarters will be much larger compared to what you have seen in Q1. So we expect that in Q2 and Q3, you will see a substantial increase in TPV.

**Rucheeta:** Okay. And sir, just one question on the other income side. So there has been a substantial increase. So what does this consist of INR28 crores of other income?

**Sunil Bhagat:** This is an Ind AS impact, which is on account of changes in fair value in case of equity shares. This is not...

**Rucheeta:** Okay. Okay. And the same was there for March '24 as well?

**Sunil Bhagat:** Yes, it was there.

**Rucheeta:** So the whole amount is Ind AS impact?

**Sunil Bhagat:** Yes, this is Ind AS impact.

**Moderator:** The next question is from the line of Grishma Shah from Envision Capital.

**Grishma Shah:** I want to understand our GMV. Is it largely coming in from the merchants? Or it is a mix of merchants and consumers? That's question number one.

**Vishal Mehta:** All GMV that we report is basically consumers paying to merchants. So it's basically we provide our CCAvenue payments framework to merchants and consumers pay using our aggregation framework to merchants. It is not peer to peer, if that is a question. We don't have the consumer side of payments.

**Grishma Shah:** Okay. And are there any new markets or segments you're targeting with your expansion in the financial services?



**Vishal Mehta:** We've said that there are certain financial products with our recent investments in Rediff. Rediff will become a subsidiary of the company. Rediff is in the top 1,000 most visited sites globally. They've got 55 million visitors in a month. And distribution of financial products become important area that we focus on. .

So -- yes, I mean, we believe that, that is going to be important for us in financial products, including insurance and many of the other products, including lending and others. So we believe that, that will be, we call it, value-added services. And through that value-added services, we expect that we should be able to generate 2% to 4% of the revenues of this year through value-added services, which would substantially increase to 7% to 10% in coming years.

**Grishma Shah:** If you could elaborate a little bit what does Rediff do? I mean, is it -- are you also acquiring what we used to use at Rediff mail? Or this is a very different company compared to the mail services that we used to use like many years ago?

**Vishal Mehta:** No, it's actually all the work you actually see. So it is Rediff mail as well and it is Rediff.com as well. So it is pretty much everything that you've known about Rediff, which includes all the cloud-based enterprise e-mail storages all content distribution frameworks or related commerce services and all the digital platforms that it offers.

**Grishma Shah:** So what is the revenue of this company?

**Vishal Mehta:** It's INR360 million last year.

**Grishma Shah:** INR36 crores?

**Vishal Mehta:** That's right.

**Grishma Shah:** And profitability?

**Vishal Mehta:** It is a marginal loss. So it reported a INR4 crore -- INR4 crores to INR5 crores loss for last year.

**Grishma Shah:** Okay. So basis the customers that it has and the platform that it has, you plan to scale this business?

**Vishal Mehta:** Yes, we think there is a lot of synergies that we can work on. I think cloud is a very important component of that. If you look at payments also, it's a very large cloud framework that we use, and you will see a different avatar of Rediff going forward. I think clouds -- if you look at payments, if you look at e-mails, there's all very large cloud services. And with a significant amount of content, that with some synergies with what we are doing in terms of AI, we also believe that with payments at core to us.

Payment services that we talked about, which is insurance, lending and some of the -- some base trading activities are significantly large opportunities. And with a large client base, potentially we can work out the synergies and promote them, which increases the product update as well as, in some case, generate new revenue streams for us.

- Grishma Shah:** Okay. If the consumers are paying to merchants and largely what you report your GME, MDR generating, how is it that also -- so is it fair to assume that you also have less than INR2,000 transactions and therefore, your UPI payment is outstanding?
- Vishal Mehta:** Sorry, I did not get the question. Could you repeat?
- Grishma Shah:** Why is your UPI payment outstanding from banks?
- Vishal Mehta:** No, UPI payment is not outstanding. Typically, MeitY has a certain amount that they give to banks, and banks have to potentially keep for themselves or give it to aggregators. And so far, we have not received any amount. So neither we have reported in revenue, or neither we will report in any accruals. What we are positioning at is that we have an opportunity to still ask for that capital because it was for the entire ecosystem. Vishwas, do you want to elaborate?
- Vishwas Patel:** Yes. So UPI volumes today, there is a mandate from the government to make a 0 MDR. So nothing on the MDR like what we earn from credit cards and debit cards and net banking and other options, right? So -- but -- however, to promote that transaction of UPI, the government does give out incentives to do transactions. So last year, they gave INR3,500 crores to the ecosystem. But till now, since you have not received it from the bank any of that incentive or what we have processed, right, so that we have not recorded any of it. Though we do process a lot of UPI transactions, but it's not counted either in GMV or nor have we recorded any revenues on it.
- Grishma Shah:** Okay. Sir, but they would have given it in quarter 4 itself, even in quarter 1, they've not given?
- Vishwas Patel:** They're not given right now. We are in talks with the banks it will come.
- Grishma Shah:** Okay. So who are your partner banks, if I may ask?
- Vishwas Patel:** Yes. So I think we should give other guys also a chance to ask questions.
- Grishma Shah:** Yes, this is my last question.
- Vishwas Patel:** Okay. What was your last question again, can you repeat?
- Grishma Shah:** I just want to know who are partner banks?
- Vishwas Patel:** Our partner banks is HDFC, ICICI and Kotak Bank for UPI processing.
- Moderator:** Our next question is from the line of Aryan Oswal from FinTrust Capital.
- Aryan Oswal:** So sir, can you provide some more details on the factors that contributed to the increase in net take rates and how sustainable are these improved net take rates in the upcoming quarters?
- Vishwas Patel:** Yes. Okay. So as Vishal already said that, that our whole focus is on net revenue rather than gross revenue. So there's a continuous increase in the take rate that is there, right? Specifically the UAE take rates have increased to almost 19.5 bps. The Indian take rates has also increased from an earlier 7.8, which was there in last quarter to 9.9. So all these factors have contributed

in growing the take rate to 11.2%. And as I said, as more TDR-intensive businesses go online, which is entertainment, travel, those businesses, the take rates automatically improve, right? .

So from post pandemic, it was a good recovery from where we were at that time at 7.8. So it's continuously increasing and you can see the difference. When we always guided the ecosystem that will be going to a double-digit take rate. So currently, this quarter, happy to report 11.2 bps as take rate.

**Vishal Mehta:**

We just add to what Vishwas said, we optimize every layer of our payment infrastructure stack. So I think there's a lot of continuous optimization that we talked about early on. So you literally squeeze out every single opportunity to ensure that you are able to deliver higher take rates. So I think that includes figuring out -- there is a lot of complexity in detail every single transaction and routing it properly. And so I think those are the things that the team has worked on for several quarters, which is now fructifying above there, what just Vishwas said.

**Aryan Oswal:**

And sir, one last question. Could you elaborate on your strategy and time line for foraying into financial services as an aggregator? And what specific services are you planning to offer? And how do you plan to differentiate them from existing competitors?

**Vishal Mehta:**

See, basically, what we think is that we understand aggregation business very well. In payments also, we are an aggregator. And so similarly, in financial services, it is nothing like but an aggregation platform. If you think of Policybazaar, it's also an aggregator, finally, for insurance.

So I think we understand aggregation business and payments. Along with payments, we think financial services and other categories are interesting and equally important. And we think that, that becomes an opportunity for us. Our recent investments into Rediff will enable us to reach out to a much larger audience. And it is just not financial services, maybe beyond financial services as well.

**Vishwas Patel:**

So just to expand on the Vishal side, we are sitting in the middle of the entire ecosystem. So on one side, we have millions of SMEs and businesses, on the other side we have all the banks, right? And any financial product that is of interest mostly through all the businesses that is there, be it lending or many other things that we can do since we have high data of their business performances and everything. And since all KYC and everything is already done to onboard them. On the other side, we have working with 100-plus banks in India and integrating in the region. So sitting in the middle, a lot of cross-sell across all financial products that game plan will come out shortly.

And with the Rediff, we get that access to almost 40 million visitors who reach out to -- who access Rediff.com, Rediff Money and many other -- of their platforms, enterprise e-mail and others, like we have access to that now. So all our services on the other side, as we said, we also have the Bharat BillPay payment licenses.

So all the bill payments and recharges and all the things can be offered off to our SME customers and to that base also upgraded. So that is the whole idea of being an aggregator and distributor

of financial products. Various products will come out time to time. We already started express supplement to our merchants who want instant agreements.

So that's also a growing one. We are at \$600 million run date and that will keep growing. We've a lot of other products right now, we are starting off with bill payments and recharges and other things, but -- and tax payments, what a SME enterprise or the other B2 -- this requires. We'll be slowly coming out with a sleeve of other financial products, which I'm not through which are the requirement of this base.

**Moderator:** The next question is from the line of Deepesh Sancheti from Manya Financial and Consultancy Services.

**Deepesh Sancheti:** Just wanted to know about your demerge -- you're planning a demerger of ODigMa. Can you mention how much sales percentage is this? Or what are the numbers of ODigMa?

**Vishal Mehta:** Sure. In terms of sales of ODigMa, in terms of revenue, is that the question?

**Deepesh Sancheti:** Yes.

**Vishal Mehta:** How much will be the impact to revenue, the gross revenue or...

**Deepesh Sancheti:** How much revenue -- if you can just mention how much is the revenue of ODigMa right now? And what is the profitability?

**Vishal Mehta:** ODigMa will be about INR30 crores. And about profitability would be about -- I mean these are annual numbers, and profitability will be about less than INR1 crore.

**Deepesh Sancheti:** Okay. And also that since we have set up the AI business into a new vertical into a new company. So should we expect that there would be a demerger of the AI vertical also, if not now, maybe in the next 2, 3 years?

**Vishal Mehta:** See, we -- of course, I'd love to tell you, I mean, Oracle, I can see the future, but what we know is that AI is definitely a separate company, such a talent tool. I think we've been able to work on some very interesting somewhat hard problems. I can't say they are mature because we need to -- we need to reach the level of maturity by offering it at scale. So that's -- it's an investment, and it's a bet worth making.

And we believe that we should be able to -- last time in our call, we said that we have been able to pilot, and the pilot phases are now over. We are now rolling out the second phase, which is not the full rollout, but a partial rollout with many of our clients.

And we expect that in the next 4 to 8 weeks, we'll be able to share more in terms of several contracts that get converted. But we are very optimistic about the opportunity. And we think that while we may not have an answer for you in terms of demerger, but it's definitely set up as a separate company for now.

**Deepesh Sancheti:** Okay. And about the Rediff.com, are we going to leverage Rediff customer base and brand for our new products for more B2C products also? Or are we going to invest in Rediff and make it in line with the Gmail and I mean a competition for Google?

**Vishal Mehta:** Cloud is a very important opportunity for us. As you know -- I mean, it's very public that data localization, cloud is very important. We understand it because of payments. But I think it goes beyond payments as well. And what you know of Rediff, which is Rediff Mail that you're talking about, they definitely have some messaging services. They have mail services. While payments is also working on the cloud, so there's that framework, including the mails that work on cloud.

So we think that -- we'll continue building it up. We think messaging frameworks have played a very critical role. You've already heard about WhatsApp wanting to get into payments. So some of those activities are interesting, and we will continue building it up from there. So I think we understand cloud aggregation will be like an intersection of financial transactions and content, which coexist together on a cloud.

**Deepesh Sancheti:** Great. And what is the date of your expansion in international markets? At what stage is the developing in Saudi Arabia? And when will we see it contributing to our bottom line?

**Vishal Mehta:** Saudi Arabia is already started. And Vishwas, do you want to take this?

**Vishwas Patel:** Yes, yes. Saudi Arabia, we already launched 1.5 years, 2 years back, but the local rules changed there. There was a licensing by their Central Bank called SAMA, the Saudi Arabian Monetary Authority, where it insisted on a lot of changes before we get license that includes data localization within the Saudi region and even the DR, that's the recovery within the Kingdom. .

So hence, that we had to -- hosted the entire applications and within a data center in Riyadh and with a DR in Jeddah. And a lot of changes that were done. And post that, we got the Saudi Arabian PTSP license, the first Indian company to get that license there to process transactions there. And post that we did a tie up with the SAB Bank, which is a big bank within Saudi Arabia, which is a merger of HSBC and a local bank.

With SAB Bank, we've just signed the agreement and other things. We earlier signed that with Bank Riyad. We had a couple of dozen merchants live. But now there is still some small little licensing formality that we need to close. Post that, we have already the agreement with the SAB Bank and everything is in place. So the transactions and other reporting, I'm sure by the end of this quarter, we should start reporting the Saudi Arabian numbers also.

**Deepesh Sancheti:** Okay. Sir, just wanted to clarify one thing that the previous -- in your previous calls, you had mentioned that the international business would contribute to about 30% of your total income. But on Slide 28, I can see that you have shown about 12% to 15%. So can you please clarify on what is the stance on the international business?

**Vishal Mehta:** Yes, it's basically a time line issue. So this year, we are expecting that we should be able to scale it up quite a bit our international business. And so -- and we want to achieve a 30% number. As revenues scale up, so does the percentage that contribution comes from international. So the

30% number is pretty much a 2- to 3-year time horizon. And the 12% to 15% number is in this particular financial year.

**Deepesh Sancheti:** Okay. So Vishal, from -- with Rediff -- I mean coming back to Rediff acquisition, with Rediff acquisition, do we inherit any debt or any previous losses of Rediff also?

**Vishal Mehta:** So there is marginal debt, which is what we inherit but primarily we inherit iconic brand, brand which is resonating with a very large audience, which has a pretty massive -- if you can -- if you come to think of it, it's in the top 100 most visited site in India, and top 1,000 in the world. Well processing hundreds of millions of mails daily. And we believe that with that legacy and the brand that we will inherit, I think there's a lot that we can do with it.

**Deepesh Sancheti:** And just one last question. Is Infibeam Digital Entertainment a part of ODigMa? Or Is it still part of Infibeam only?

**Vishal Mehta:** No, it's part of Infibeam.

**Moderator:** The next question is from the line of Rahul Jain from Dolat Capital.

**Rahul Jain:** Just wanted to understand the strategy out here in terms of getting into some of the newer businesses and how they are going to create another set of revenue stream, which could become much larger over a period of time. Of course, on the platform side, we had that vision and then the GeM, it's slightly different now. So if you could give me a big picture in terms of how this business is going to scale over a period of time across some of the segment that we have entered into an individual commentary out there would be of great help.

**Vishal Mehta:** Sure. So Rahul, the way we think about it is payments go to as payments scale is quite a bit in terms of how do you look into it. It's scaling to base. One is across geography, second is within the same geography. And within that, what we focus on is really vertical within the payment infrastructure. How do we squeeze out every penny so that it gets back into the take rate, if you will.

And one of the things that you will also hear from us is that we are launching a device in the market as well shortly for the bank that potentially becomes more -- TapPay has already embedded into it, which potentially enables merchants to be able to utilize and you will start seeing CCAvenue in some of the merchants hopefully in the coming quarters. In fact, this quarter itself.

So I think that those are things that we think payments will hold. And within payments, if you recollect what we had done was we worked on express settlement, and that has worked out very well for us.

Now when we get -- since we have millions of merchants and with this particular investment in Rediff, we believe that Rediff has a very large brand value and a lot of consumers and merchants who utilize some or all of their digital platform. And what I mean the digital platform is whether you talk about mails, whether you talk about consumption of content, whether it means some of

the other things including e-mails that -- and instant messaging frameworks, there is a fairly large stickiness and a position there.

So we think that when you think about value-added services, we think aggregation again and not necessarily as our own particular product. What I mean by aggregation is insurance is nothing but an aggregation. And insurance will be provided -- they will be providers of insurance. And we -- given the -- that we sit in the middle of the step-up that if you're able to connect the providers to the consumers or merchants, then I think it becomes a very large opportunity.

And through that, sort of fintech company, you will appreciate that while everyone is trying to do a lot of financial services, value-added services, we also categorize this as value-added services. And in the value-added services, we think that we should be able to get slightly deeper into it. In terms of our aspirations, we think it should be 2% to 4% -- the value-add services itself should contribute 2% to 4% of our revenue, and that is very high EBITDA margins. So that's our aspiration for this year.

And in coming quarters, maybe in a couple of years, we should reach anywhere between 7% to 10%, in terms of these revenues generated out of value-added services. So while our revenues are also projected to increase year-over-year and given guidance for this year and hopefully when we reach next year, we'll also provide that guidance. We think that VAS can be a significant portion.

If you look at a vertical like insurance, when you look at Policybazaar, when you look at the traffic of Policybazaar vis-a-vis the traffic which Rediff has, you will have a much better idea in terms of -- one aspect of such aggregation is solved, which is consumers and traffic.

I think if we productize it and build it out in a way so that it scales on the cloud, we believe the second thing that we'll work on as far as Rediff is concerned is cloud. So when you talk about new revenue streams, we think about value-added services, that are revenue, revenue streams and value-added services out of financial products and other products, including cloud.

And such cloud services become critical and very important in the age of regulation and artificial intelligence. So we think that if you look at that set up for the coming few years, that becomes a very large opportunity to go after.

**Rahul Jain:**

Right. And if you could complete the part on the other stream like XDuce or platform, anything more you would like to add? And then I have one follow-up on the Rediff one.

**Vishal Mehta:**

Sure. So in terms of some of the other investments that we've made, you'll appreciate whether it is XDuce or Perimeter whichever way you think about they will be providing such frameworks to reach out to users. But it's a trading platform and XDuce has a lot of relationships and a lot of agreements with large clients in the US, where we can provide our Phronetic products. So most of our investments -- I mean, some of them will have immediate returns, some of them will have medium to long term. But we are just building it out in such a way that it becomes profitable and accretive to the shareholders in the long term.

So whatever we do, we will utilize it to be able to use that as a distribution channel. And once we find that there is a good amount of traction, and we feel confident about it, then we doubled down on it, which is the other requirements.

**Rahul Jain:**

Right. Just last one from my side. You kept on referring to insurance as one of the use case, which it seems to -- is it potential opportunity with the Rediff.com transaction? So are you trying to see as an advertisement opportunity? And is all of the revenue for Rediff today is advertisement? Or you are also trying to take it to the next level, given your capability on the payment side to make it as a transaction website just like a Policybazaar is? So any perspective on that will be helpful.

And again, sorry to piggy back to the previous question wherein the platform, if you could tell us what kind of seasonality and scalability you see in the current and near future in that business that would be of great helpful.

**Vishal Mehta:**

Sure. No, Policybazaar was just an example really and not necessarily vertical -- only vertical that we expect to focus on. I think there will be many. And advertising is not the only revenue stream for Rediff, a lot of revenue comes out of the platform, the digital platform that they offer, including enterprise, e-mails and others. So there's a bit of mix of revenue. I think it is like a digital journey or a digital platform where this massive consumer -- it's a consumer-facing brand. And we believe that with this kind of catering to hundreds of millions of mails on a daily basis, being able to attend to more than 55 million users, I think we'd be able to focus on monetization of those areas. That's one.

And second is that, yes, we are not focused on just building one vertical, we'll build it out as the next version of Rediff. You think about instant messaging framework that it is very large. So each of these verticals are very large. And we think that there is a digital ecosystem to build out for this country. And so we'll not work only on one vertical, we will work on the entire digital platform of Rediff.

**Rahul Jain:**

Yes. If I may, just one last one, which is like what could be the potential 1-, 2-, 3-year capex on Rediff if things goes well on your mind?

**Vishal Mehta:**

So beyond this investment, I think Rediff should be able to build it up from there. So I think quite a bit of capex we have already incurred so far in terms of building out scale. I think when we hit the next version of scale, I'll be able to provide you a slightly more detail because, it's very early on to be able to talk about it. Our initial focus would be to create the next version in Avatar of what Rediff will look like going forward, which we'll hopefully start seeing in the next few quarters?

**Moderator:**

The next question is from the line of Aayushi, an Individual Investor.

**Aayushi:**

I had 3 questions that I wanted to ask, but I want to start with 2 questions. Should I ask them one by one? So the first one is regarding your investment in XDuce, how has it enhanced the AI abilities and payment solutions in the US market? Are there any updates regarding client acquisitions resulting from this particular partnership?



**Vishal Mehta:** See, fundamentally, if you want to get into any new market, they already have -- you need to have something called a master service agreement with large companies, pretty much like a vendor relationship. And in some ways, in some countries, it's easier in others, it's harder. .

And so these MSAs can take up to 6 months, 1 year to close even a single level say. So when you work with companies who already have very large agreements, you can pipe a lot of product of yours, and not worry about new agreements in place. And so it's very common in the software industry to do that. And so that's how we will position it.

And second is that when we -- because local people presence is important and as we build out US as a payment setup, we will decide -- in US, right now, we, of course, focus on UAE, Saudi initially. But in US one can work like a tech service provider, like a DSP, where you provide internet for a bank much like what we do over here in India for Kotak, or you've actually co-hosted own brand. And in both cases, you need a lot of support services, which is where companies like XDuce can play a role.

**Aayushi:** Okay. Okay. And my second question pertains to your ongoing AI initiatives, particularly Kiya, the video AI developer platform. So how do you plan to scale that up in the coming quarters?

**Vishal Mehta:** We are very optimistic. It's a new field, as you know. And if you think about the view of our world in payments, like I had mentioned earlier, we think that Uberization of payments is perhaps the way it will work in the future. And so video AI is critical to uberization of payments. And one has to achieve a certain level of scale, accuracy, solve a lot of problems.

I mean there are a lot of things in text -- solve using TextGPT, ChatGPT, and you also feel a lot of images are solved. Video is different than images. Visual.AI, people think of images it's actually videos, which are very different than images when you have to identify the activity. And so it's a hard problem to -- I'm sure there are companies working on it, but it's slightly hard problem to solve. But I think that gives us the motivation.

We think that we can actually build it up. And so that's why we are working on these pilots and pilots also multiple phases. You complete one phase and then you go into a slightly more larger rollout and then eventually it converts into some kind of a contract. So that is what -- I mentioned that you will see from us in the next coming months on Phronetic.AI.

**Aayushi:** All right, sir. That is very interesting. And sir, coming to GeM, you said that we haven't recognition any revenue from GeM this quarter, but the company has some business for GeM like you have been processing their transaction. So the onetime revenue that you expect from GeM what is that amount to?

And sir, in the last call, you mentioned that even if we don't continue with GeM as a [indiscernible] you had like a few big customers lined up. So is there any update regarding that? And like what are the future prospects with relation to GeM? Are they continue -- going to be a customer? Can you give some light about that?

**Vishal Mehta:** What I can tell you is GeM is still utilizing our platform. The second thing I can tell you is that we were able to get a judgment on the fact that all intellectual property that we are providing to

GeM belongs solely to us. I think those are 2 important things, in fact, but we can definitely talk about.

What we do not know and what we are not able to talk to you and tell you is how much we get paid and hence we've not been able to recognize revenues so far. But GeM continues to utilize our platform. And that's all I can tell you at this moment. The good news is, like I said that we are into arbitration with GeM, and we should be able to have some more information in coming months maybe in the next couple of months.

**Aayushi:** Okay. And sir, is there any update regarding the TapPay or patent that we had filed for?

**Vishal Mehta:** That patent is under consideration. So I think unfortunately it takes time. So this particular thing about the AI patent that we have filed, that's also a filing. But we expect that we should -- I mean, US patents often is slightly faster. So we expect that we should be able to get something in the next 6 to 12 months.

**Aayushi:** Sir, on our UAE subsidiary, when we raise money, already raised 25 million at a valuation of USD 100 million. But sir, I think the company should be valued as much higher. So would you be able to bring out the IPO at \$300 million, \$400 million, which is a much better fair value for the company, according to the processing it does?

**Vishal Mehta:** See, I mean, for any company, they would want to actually get good value for their shareholders. So I mean, absolutely, we are focused. And I think having said that in that geography, it's -- UAE is just one geography. You also have a lot of Middle East geographies, which are also fairly large. So we leave the valuation to the valuation experts. What we've always focused on is let's build real value and leave the valuation, we don't work on valuations. We monitor and we track what's going on, but we leave it to the experts to decide what would be the right valuation for the company.

**Moderator:** The next is from the line of Pramod Pai, an Individual Investor.

**Pramod Pai:** First of all, congratulations for the great numbers. So I would like to know the reason for investing in the cloud solution company, mainly is it because of data localization challenges faced in Saudi Arabia? Or would that provide any value addition in the fintech business?

**Vishal Mehta:** Sorry, are you referring to the Rediff.com announcement?

**Pramod Pai:** Yes, right. Correct.

**Vishal Mehta:** Yes. See, both I mean if you think of it, Rediff is a phenomenal iconic brand, which has a lot of stickiness with users. Even today, more than 50 million visitors go to Rediff every month. And using cloud and cloud services, they are able to process hundreds of millions of e-mails on a daily basis. And I think that it's a pretty large ecosystem, digital ecosystem that they have created with instant messaging and mails and others.

And so what we believe is that we understand aggregation. We understand cloud. We understand AI very well as end fee. Aggregation, payment aggregation as well. And Rediff is very good in

terms of users, cloud and others. So we think that there'll be a good synergy to be able to explore with Rediff.

And second is that it's a consumer-facing brand. CCAvenue is business-facing brand, B2B, and Rediff is a consumer-facing brand. And so we think that there's a very large opportunity to amplify that message. And whatever financial products or any other service that you would consider it can actually go to business and consumers both. Now we have an ecosystem to target both.

**Moderator:** Our last follow-up question is from the line of Deepesh Sancheti from Manya Financial and Consultancy Services.

**Deepesh Sancheti:** Just one question. What is the rationale behind this demerger which you are planning to do?

**Vishal Mehta:** See, in terms of the demerger, we are a payments company, and we have been very clear about who we provide digital solutions to in terms of digital marketing solutions. And there are certain areas, whatever applies to payments also apply to other parts of our company. With a lot of regulations, we believe that digital marketing will be decoupled from payments. And there's a much larger ecosystem that digital marketing can attend into. So that's the first thing that we think is an opportunity.

Second is that we have a domain called dot triple O. Dot triple O is a top level domain. And so far, we've not been able to build up a lot of monetization but the opportunity is significant. And things like using domain as UPI handouts. It's already started happening in several parts of North America. But again, with payments, there is a question mark because there are fiat currencies, non-fiat currencies and use of domains and such can cause certain questions. And so we are very clear that this makes more sense.

There's a massive opportunity to be able to monetize on that. It's very high margin business. And we also believe that digital marketing will also expand their outreach and not be getting into the compliance framework, which are limited to payment. So there will be substantial benefit to shareholders in our opinion. And so we thought that, that is the main rationale for the setup.

**Deepesh Sancheti:** So who will be heading this?

**Vishal Mehta:** It will be headed by Matt, Matthew and he is going to drive that opportunity.

**Moderator:** Ladies and gentlemen, we'll take this as the last question, and I hand the conference over to the management for closing comments.

**Vishal Mehta:** Thank you all for joining the call, and we look forward to keeping you updated on the latest developments of the company. Thanks again.

**Vishwas Patel:** Thank you very much all for attending.

**Moderator:** Thank you. On behalf of Go India Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.