

August 11, 2023

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

Dear Sir / Madam,

Sub: Transcript of Earnings Conference Call for the quarter ended June 30, 2023

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, 2023 conducted on Tuesday, August 08, 2023, 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.

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 FY24 Earnings Conference Call”

August 08, 2023



MANAGEMENT: **MR. VISHAL MEHTA – MD, INFIBEAM AVENUES LIMITED**
MR. VISHWAS PATEL – EXECUTIVE DIRECTOR, INFIBEAM AVENUES LIMITED
MR. SUNIL BHAGAT – CHIEF FINANCIAL OFFICER, INFIBEAM AVENUES LIMITED
MR. PURVESH PAREKH – HEAD, INVESTOR RELATIONS, INFIBEAM AVENUES LIMITED
MR. B. RAVI – INDEPENDENT CONSULTANT

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

Moderator: Ladies and gentlemen, good day and welcome to Infibeam Avenues Limited Q1 FY24 conference call hosted by Go India Advisors.

As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone. 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: Thank you, Salvin. Good afternoon, everyone and welcome to Infibeam Avenues Limited Earnings Call to discuss the Q1 FY24 Results.

We have on the call with us today, Mr. Vishal Mehta – Managing Director, Mr. Vishwas Patel – Executive Director, Mr. Sunil Bhagat – Chief Financial Officer and Mr. Purvesh Parekh – Head, Investor Relations. 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 the MD, 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 and welcome to Infibeam Avenue's first quarter FY24 earnings call. I'm very excited to present the outstanding quarterly performances of our business.

I'd like to share that some of the achievements that have cemented our position as a trailblazer in the digital payments industry. Last quarter we achieved the highest ever gross and net revenues. Gross revenue was INR 742 crores which was up 77% year-over-year while the quarterly net revenue is about INR 99 crores. Adjusted or excluding the mark-to-market loss which is included in other expenses, consolidated adjusted EBITDA was INR 56 crore, up 31% YoY while adjusted PAT was INR 32 crore, up 40% YoY.

Our profitable revenue business strategy has shown successful results and we should be very confident of being able to create better value for our shareholders going forward. I'm also very confident about achieving this year's guidance that we have shared with you in our presentation on slide #8 of the presentation and in our press release. We think that this is achievable, and we should be able to set the path for our next level growth and instill confidence in the shareholders. We expect revenues to come in between INR 3,000 to INR 3,300 crores which is the gross revenue and net revenue for the year at about INR 410 to INR 415 crores. Gross revenue growth will be about 50% to 70% year-over-year whereas net revenue will see anywhere between 25%

to 27% year-over-year growth. The EBITDA that we expect for this year will be between INR 230 to INR 235 crores, which will see an increase of around 30% year-over-year, and PAT between INR 130 to INR 150 crores, which is about 40% to 60% year-over-year increase.

Over the past few quarters, our company has experienced an unprecedented growth in our payments business. Our relentless pursuit of excellence and innovation has allowed us to capitalize on the ever-expanding digital landscape revolutionizing the way merchants conduct business transactions. One of the key highlights of our performance has been substantial increase in merchant adoption for our digital payment gateway, CCAvenue. Yet again this quarter we added on an average 9500 merchants daily and now we have 10 million merchants. We've seen a surge of demand for our TapPay solution that we launched about two quarters ago. This surge is a testament of the trust and confidence that our solution is optimized for the experience that merchants request and our payment gateway as well as our brand is a gold standard in the payment gateway business.

At Infibeam Avenues, corporate governance lies at the heart of our business conduct. We strongly believe that adherence to ethical principles, transparency and accountability are essential pillars for our long-term success and trust. Our commitment to strong corporate governance permeates every aspect of our business, fostering a culture of trust and reliability that resonates with all our clients and stakeholders.

We've made certain leadership appointments as we evolve our business. Vijay Subramanian, who has been with the company, has been appointed in the role of CEO for our platform business. Vijay comes with a degree from IIT Madras (Chennai), and he's worked at Amazon after doing his Masters in Urbana-Champaign and he's worked on several of the key projects at Amazon prior to joining Infibeam. He will now lead the entire platform business for our company in taking it to the next phase. Vishwas Patel, who was the Executive Director, he will join the role as a Joint Managing Director and will focus on improving and deepening our payment experiences both in India and international markets. In international markets we've already announced that we've launched and started our business operations in many of the countries, including UAE, Australia, US, as well as some GCC markets like Saudi Arabia.

I will be deeply focused on building our recently announced AI Fintech Hub. This AI Fintech Hub is a horizontal layer on top of our existing businesses, which is including both platforms and payments. Change is always around the corner and sometimes you proactively invite it and sometimes it comes knocking. But when we look at the potential of what artificial intelligence and machine learning can accomplish, we think that this is the right time to embrace. It's a bold bet but it's one worth taking. The companies that do well in the long term and succeed are the ones that are able to create intelligence within their systems and processes and focus on productivity as well as other aspects of what we can accomplish for our clients. I'll be serving as the Chairman and Managing Director of Infibeam Avenues and both Vijay as well as Vishwas

will be taking over some of the functions that enable us to grow both platform as well as payments business.

The world is experiencing an unprecedented digitization across various sectors, revolutionizing the way we transact, the way we work, the way we live. Digital transformation has also brought in an alarming increase in cyber fraud and security breaches as well as posing significant challenges to both individuals, businesses, and governments worldwide. In this era, artificial intelligence will emerge as a very powerful ally in combating such frauds, managing risks as well as ensuring secure authentication process. Infibeam will establish India's first artificial intelligence hub headquartered in GIFT City and we will initially focus on fintech and financial sectors. Building solutions in these three areas which we acronym as F.A.R., which is fraud detection, authentication, and risk. To bolster our play Infibeam will also be hiring some well-known industry experts to build the business vertical under my leadership. This will create more value for Infibeam going forward.

We are also doing some structural changes to sharpen our focus on the core business which is payments and enterprise software. We're listing our wholly owned subsidiary Odigma which is into online digital marketing and run by professionals. The CEO of the company is Mathew, who got a degree from IIM Bangalore and has been with us for several years and they have certain marquee clients with them. They're profitable and they will also be running the business called “. OOO”. While “. OOO” earlier was in the standalone Infibeam Avenues financials, that business will be transferred to Odigma as we believe it is complementary to them in offering domain infrastructure, domain services along with marketing solutions.

Infibeam Avenues will also increase its stake in Fable Fintech Private Limited. If you recollect Infibeam owned 16% of this business, it was into remittances to and from India, primarily focused on bank grade software bringing remittances from different countries into India. When somebody had to send small amounts of money from international to India, they would not be able to afford a \$25 SWIFT. And rather than using alternative channels, this particular company provides bank grade software so that individuals can send even small amounts like \$50 and \$100 into India while paying a very small fee. Technology enables it to actually make it extremely competitive and productive. While we were looking at this business and while we're looking at payments and the globalization of payments, we'll be adding an additional 25% and increasing our stake in the company to 41%. We'll also be subscribing into compulsory convertible debentures worth INR 1.4 crores into the company along with other investors. This particular company has a marquee list of investors including ICICI Bank, Paytm and many others. What we plan to do is to increase our holding and make it an associate company of ours whereby Infibeam Avenues will own 41% of the company.

Overall, our aim is to seize the maximum opportunity in the growing digitization era that is complementary to our business, and stay ahead.

I will now ask Vishwas to give you updates on our payment business. Vishwas, over to you.

Vishwas Patel:

Thank you, Vishal. So, over the past months we have worked relentlessly to enhance our technology and strengthen our operating metrics and I'm thrilled to share the results of our efforts with all of you. Our mission has always been to revolutionize the way transactions are conducted and I'm proud to say that we have delivered on that promise. We have developed state of the art infrastructure that ensures security, scalability, and lightning-fast transaction processing. Our upgraded technology stack will not only bolster our offerings but will also provide a seamless and a delightful experience to both the merchants and the consumers. Our CCAvenue TapPay solution, which is a revolutionary mobile application, is a step in this direction which holds a lot of promise to change the way payments are done in our country and beyond. It offers 200+ payment options to merchants in a single integration which is by far the highest number of payment options in the offline mode in India. Since we started rolling it out, we have achieved 150,000 downloads in 7-8 months of FY2023, 50,000 higher than we had anticipated. This has doubled to now over 300,000 by the end of Q1FY24. We are seeing an accelerated demand from the merchants. Our aim is to reach the hinterlands of India, offering merchants our SoftPoS, which is a very sophisticated app-based payment solution yet very simple to use and it's relatively cheaper than the competition and is portable.

Internationally, UAE continues to grow as expected and continues to maintain a stable double digit net take rate. In Saudi Arabia we should receive our data localization compliance certificates in a month to be able to start rolling out digital payments. In bill payments through BBPS our volume-based payment share has improved by 80 basis points to 11.1% in Q1 from 10.3% in Q4. In Q1 which is typically a seasonally weak quarter during the year, the net take rate was around 8.4 basis points, which is up 16% year-on-year but was slightly down compared to 9 basis points in Q4 due to the change in business and payment mix. An increase in transaction from certain low MDR industries and a spike in less-value credit card transactions, have slightly lowered the take rate compared to the debit options resulting in net take rate going down during the quarter. But we are hopeful that Q2 onwards with the onset of festivities and later followed by the travel season, the take rates will improve and move towards our guided double-digit figures by the end of the year.

I'll now hand over the call to Sunil to give you the financial updates.

Sunil Bhagat:

Thank you, Vishwas sir. Our dedication to prudent financial management, strategic investments and operational excellence has yielded results that are a testament to our collective efforts. Financially, we have achieved impressive growth driven by a steadfast focus on efficiency and innovation. Our revenue has surged by 77% year-on-year to INR 742 crores driven by higher contribution from credit card payment option. Credit card, like the previous quarter, contributes more than 50% to overall payments processed in India. This number for us is about 80% in the UAE market. The growth in revenue is complemented by an equally robust increase in

profitability with a rise of 31% in EBITDA and 40% in PAT, adjusted for M2M gain or loss, which is a notional value and not part of the operations, strictly speaking.

Operationally, the number of merchants has touched 10 million, which is a great future potential for us to cross sell through lending i.e., express settlement and other moats that we have. Our net take rate for the quarter was 8.4 basis points up 16% year-on-year. We continue to work towards taking our net take to double digits. We have highlighted on Slide #9 short to medium term key focus areas on how we are planning to take it to double digits. As we speak, we are already working with banking partners on pricing and we are seeing positive outcome for some of these initiatives already.

International expansion is on track. We'll share more details once we go live over the next few months. UAE continues to be in double digit net take rate zone. With the launch of TapPay UAE, we will be able to garner higher market share in the region and will also launch it in Saudi Arabia and other GCC markets. Offline CCAvenue TapPay as a strategy will start bearing fruits for us over the next 12 to 18 months. We have a focused strategy to scale our international business.

As we look to the future, we remain committed to our vision of sustainable growth, innovation, and unwavering financial integrity. Our accomplishments this quarter, coupled with our guidance for the year, pave the way for an even brighter journey ahead, one in which we will continue to create value for all our stakeholders.

With this, I will now handover the call to the operator to open the floor for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Jonathan Fernandes from Whitebridge Capital Private Limited.

Jonathan Fernandes: I had a doubt, most of the new age internet companies are currently diversifying into lending, is it because there is more money to be made in lending or is there something else? What would be your take on this? And secondly if you could throw some more light on the TapPay expansion plan, like how many downloads have you seen, what are the performance goals and how do you plan to compete with the established players in the offline space, whether it's the PoS players or the new age UPI companies with QRs. So, how do you plan to compete with them because they're more prevalent in the offline space?

Vishal Mehta: I can answer the second question first and then I'll pass it on to the other person. As far as TapPay is concerned we think that there's a big potential for TapPay to get into the services business, not just products, whether you're a small-time consultant or whether you provide some services. Typically, these merchants don't have point of sale solution. So, to be able to offer solutioning not just to merchants but also to service providers is a big opportunity that we believe is in front of us. While we have not segmented the numbers and we have not provided numbers in terms of how TapPay will grow, one thing I can tell you is that we expect that we will hit a million merchants this year itself. That's almost 10% of the population of merchants that we hold today.

So, if you're at a 10 million number, I think we should at least have 10% of our merchants on TapPay. That's the internal metrics that we are working on. The take rate for these merchants are better than what we see in the online front. Directionally we have said that we want to go to double digit take rates. While we are at 8.4 basis points, we'd like to get the take rate to go into double digits with a combination of international expansion and TapPay, and focus on certain verticals which are high yield, will allow us to get there. I think this is in a nutshell what we can share at the moment.

But one thing I can tell you is that TapPay is not meaningful at this moment in our overall structure that we can segment out and be able to talk about it specifically. 10% of the population is not a small number we believe in one year. So, we think that it's a very important one. It's an acquisition we've made, and we feel more confident about the success of this acquisition going forward, given that we'll not just open up in India, but also international locations. Vishwas just mentioned that in UAE also we'll open up Tapay and we should be able to increase our merchant count by multifold there because the base there is smaller compared to what we have in India. This is as far as TapPay is concerned. Can you remind me what was the first question? You were not audible; I was not able to follow the first question.

Jonathan Fernandes:

The first question was mainly about most of the companies are diversifying into lending. I just want to know what would be your take? Is it because there is more money to be made in lending or is there some other component in it?

Vishal Mehta:

If you look at some of the global peers, you will find that the revenue streams come from payments, lending, and advertising for some of the large internet companies. I think that's a proven thesis that these three verticals are potentially ones that can provide profits to companies and that too at scale. And what we believe in is that if you're in the technology business and if you're not at scale, then you're not doing anything important. So, in whatever we are doing, whether you talk about payments where we have scaled up or whether we think about enterprise software that manages scale, I think that becomes the core mantra for us that whatever we need to do, we need to actually scale up. As far as lending as an opportunity is concerned, I think it's evolving. India, you would have noticed that there are a lot of regulations that have changed around lending in the past few quarters and compliance to those regulations become very critically important, that is one. Second is that we think scale through processing, lending through having merchants sign up for payment gateway and be able to offer them lending solutions become an extremely attractive proposition. I think that we already have discussed in the past what we are doing in terms of instant settlement or express payment whereby the merchant can receive payments immediately as opposed to waiting for 2 days or 5-day settlement period. We think the lending is more about collection and not about giving. So, we think that as long as you're able to optimize your process in such a way that you can have visibility, transparency and have the cost of collection go to or tend to practically be zero, then I think that in such cases it becomes a very attractive proposition and Indian market is right for it. We think

that lending is a very important facet of what we'll end up doing and we think that as we build up, you'll hear more about what the company will end up doing.

When we talk about artificial intelligence and a few things that allow us and enable us to back test our models and be able to deliver on performances, those are decision making models. When we discuss our AI hub, opportunities of fraud, authentication, and risk, these are risk models and if we are able to build out such models that potentially allow us to be able to externalize them and offer it to others, I think it becomes an attractive proposition. First, we will try on ourselves before we do and provide to others. But we think express settlement is a big opportunity right now for us and with the cash reserves that we have, we'll double down on that this year.

Jonathan Fernandes: Lastly, I just wanted to know, what are your thoughts on how do you see the business evolving in the next 3 to 5 years in that kind of a timeline?

Vishal Mehta: I'll tell you; we've discussed that we want to get to a point where we get to \$100 billion in processing in the next couple of years. We think that potential does exist. We want to get to a double digit take rate. It will be a combination of domestic and international growth. International is less than 10% of our rollout, single digit percentage. We would like to allow it to grow to a 30% number. While India also grows and India being the beachhead and we'll be able to while we build out all the solution for India, fortunately payments in India is far more evolved than other countries. So, that gives us an edge and an advantage. We think that we'll continue building out the business in that front. We are getting into the entire discussion and conversation around artificial intelligence. That becomes a very critical factor for any company. I'm very optimistic about it and the way we see the response and the things that are evolving around us. I think while we look at different aspects of artificial intelligence, the ones that we'll focus on are the ones that go horizontally between commerce and payments. One being data models because a lot of companies have data but it's not in a perfect shape where you can model on top of it. Second is the models themselves and being able to test and tune them. And then the third thing are the decision models, the ones that allow you to actually make decisions and those are the three fronts. I think any problem that you'll see in AI, you typically have these three areas that one has to work on. We are very solutions focused on this and within that solutions we build our products.

Moderator: The next question comes from the line of Anuj Narula from Makrana Capital.

Anuj Narula: I have three questions, so this foray into artificial intelligence that we have announced with our Q1 results, can you give us more details on what exactly are we planning here? And even though this is a bit too early but given that AI seems to be everywhere now, how big are we planning to take this business going forward? So, this is my first question and another one is I just wanted to have a bit more understanding about your bill payments. Can you share some more statistics in terms of where we are, our performance and how we plan to grow in this business and who

will be our major competitors in this business segment? Lastly, just one more thing. Any plans to get into B2C business in the future?

Vishal Mehta:

I'll take the AI question and I'll have Vishwas take the bill payments question that you have. I know that a lot of people have heard about artificial intelligence and machine learning has been a technology with very high promise. It's been around for decades. But it's only in the last 5-10 years that you will have seen that companies have pervasively started utilizing it. The shift that has been because of access to such high volumes of compute capacity, which is available at such a low price and extensive data being available to be able to go and process and get some predictive frameworks out.

I think whether you talk about large learning models or generating, they've been around for quite a bit. I think a lot of innovation have happened in the past at least few years that we've seen. We think that we are going to focus on solutions which are going to help both of our platform as well as payments business. We think of AI as a horizontal layer which will enable it. To give you an example, while Infibeam Avenues has a lot of data, but the first place where one must maybe start thinking about is that is this data in a format where you can run Algos on top of it. This is not just pure analytics. But do you have the capacity to create your own data lakes? Is it in a format and a framework that you can actually run algorithms and deep learning that you want to conduct on top of? Because India has significant amounts of data, but this data is not in a format that somebody can utilize. Putting it in Excel or putting it in some small DB, I don't think that they are in a capacity where you can utilize it and put models on top of it. I think a horizontal layer where you are able to go and extract this data and put it in a format where you can run models is one area of solutioning that the company will focus on starting with its own data. That's one. The second area that we will focus on is the modeling part. A lot of data exists with companies but a lot of companies we realize don't know what to do with it. How do you build out such models, how do you tune such models is the second area that we can participate in solutioning with, and these are not mutually exclusive. They could be either or, but they're not mutually exclusive. Then the third part in organizational structure for this is an ability to be able to drive decisions. Once you reach a certain competency with these models, are the models able to help you make decisions and when you think about it, these are the three areas that we think will be important for the company. We will be partnering with commercial as well as government for such things. In the next few weeks, we will be sharing more information about who we will be working with. We don't think that this is just India specific project or program for us. We will utilize the skill sets in the framework in our own businesses and we will look at providing solutioning to other companies. What we are not doing is building out a product that everybody will utilize from day one. I think as we build up, we expect that it will be remunerative and then within that solutioning we'll build out products, which is an approach that we have taken as we build out this framework. We will be adding more data scientists in our business and onto our payroll and we think that with the promise that AI has, we think it's completely transformative. But I'll leave that discussion for a future conversation maybe with all of you. But

what we will do is like I said, I'll be leading that program and maybe that's all I can tell you at this moment. Hopefully that gives you some idea in terms of how we think through this business.

Vishwas Patel:

So, our whole bill payment strategy which is distinct from the payment strategy that we have, it runs through our BillAvenue solution and our majority owned subsidiary company Go Payments. So, BBPS BillAvenue, it's an interoperable online payment platform for all Indian citizens. We have now received a perpetual license from the Reserve Bank of India to operate as a Bharat Bill Payment operating unit (BBPOU) for both consumers and billers on both sides. So, today as we stand, some of the biggest billers that are there, be it Indian Oil, HP, GAIL, DishTV, ICICI Bank. So, we are among the top three in the BBPOU volume over the billers that we have onboarded onto the BBPS platform, almost 87% of all billers have been onboarded by us on the BBPS platform. And on the other side, when you see the agent network that we have across our AIs, more than a million touch points are there across 1300+ cities and towns in India. These are the small shops which are opposite railway stations where you can pay the bill and book train tickets and other things. So, more than a million touch points are there across the country. If you see the volumes, they are rising continuously. If you see FY23, we did around INR 14,800 crores worth of processing, almost 11.8 crores transactions of bill payments. And this quarter, this 3 month we have done INR 4,800 crores in 3 months and processed over 3.4 crore bills. The volumes are continuously growing and under this thing as we also have our own subsidiary Go Payments giving a variety of other services. In FY23 we already did INR 12,440 crores through our subsidiary and this quarter alone is another INR 3,432 crores of volumes processed through Go Payments. The whole strategy of driving this ecosystem of the bill payments with direct connects as well as putting on the billers on the other form is going great. So, we are one of the top players in this industry. What was your next question?

Vishal Mehta:

He had asked whether you'd like to go to B2C in future.

Vishwas Patel:

Right now, no, there is no strategy. We always operate on the B2B principles, direct to merchants and direct to banks. Our technology including the BillAvenue solution and the CCAvenue solution is used by variety of banks whom we provide the technology. So, the whole idea has always been B2B. The reason we don't go B2C is because of the high costs in consumer acquisition and the kind of solutions that are already there. BNPL and others does not excite us. We will focus on lending and other things. Like even our new app that Vishal just talked about, that whole app is different from what Google Pay or a PhonePe is offering in the market. Those are just a QR printout. What we are offering is that you can just download an app and you can start accepting cards on your own phone. There is also static QR where you can just show the QR and UPI payments can also come in. There is dynamic QR and has link-based collections to the same app. It's the world's most advanced omni-channel app where even a kirana (brick and mortar) shop in any hinterland in India can just download the app just like he's downloading a YouTube app or any other app and start accepting payments. It is not just restricted to a UPI payment. Here it is in his own phone. So, he's not spending anything extra in buying a soundbox or paying monthly rentals on that soundbox. It is differentiated from the others in the market.

And the kind of certification that we had being able to take pin-on-glass which is like among the first in India definitely but also among the first in Asia Pacific where even a transaction amount of about INR 10,000, maybe even a INR 2 lakh if the card is valid, can be taken on the phone itself. So, it's a very disruptive, different thing from the existing guys who are deploying hardware, who are deploying soundboxes and others. As we said, we are among the only few where we are just not deploying a QR, but we are giving them mechanism through a mobile app, the entire credit cards, debit cards and other things. That's the differentiation.

Moderator: The next question comes from the line of Deepish Sancheti from Maanya Finance.

Deepesh Sancheti: I just wanted to understand what will be the role of Mr. Malav Mehta in the new company which will be demerged and what will be his holding? I mean his holding directly is 1.29%. What is his indirect holding in Infinium Motors Private Limited, and will there be any selling seen from him?

Vishal Mehta: Yes, there's no role per say, which is your first question. There is no new company that we are establishing. It's a business vertical that we're setting up as an AI hub within the company. And as far as the initial core focus is concerned, we are going to keep on building up, both in terms of the payments business as well as the platforms business. So, to answer your question, I don't think there's any role and neither it's a separate company. It's within the listed company itself that we are building out the AI hub as a vertical headquartered in GIFT City. We do have plans to expand the hub across multiple cities in India. While the headquarters will be in GIFT City, we will expand across other larger cities within the country as well. As far as the holding is concerned, you are right 1.29% and the other group companies where you are talking about where they hold equity in the listed company, they continue to be having independent directors in their own setups, whereby he is not involved in those companies.

Deepesh Sancheti: So, no holding in Infinium Motors Private Limited?

Vishal Mehta: No, no holding.

Deepesh Sancheti: Do you see any selling from him after this exit?

Vishal Mehta: It'll be too hard to say because everyone has their own decisions to make. But I think that as and when required by the regulatory authorities, we will be announcing whatever is out there. So, I'd not be able to comment on that at this time.

Deepesh Sancheti: My second question is regarding the AI enabled fraud detection. Are we looking at setting up our own team or are we looking at any acquisitions in the space? There are many companies in the space also available. So, are we looking into anything there?

Vishal Mehta: Our internal bias is to build and not to buy. So, in other words, we will be having an internal team of data scientists who will become part of us to build out and we'll continue evaluating

opportunities as they come our way. So, in other words, while we are not averse to looking at an acquisition, but our internal bias is still to build and not to buy.

Deepesh Sancheti: And just the last question regarding the TapPay. Very exciting to listen to you about TapPay, that every phone can become a POS, if I understood it from your explanation of the last question. Firstly, how do you download this? Is there any link or something? And secondly, is the understanding right that every phone will become a POS and we can accept payments on that. So, effectively for 140 crore people, there will be a lot more POS without any actually creating hardware for that.

Vishwas Patel: Vishwas here. So, the app available is 'CCAvenue For Business' on the Google Play Store. You can download it from there. All the merchants and everybody, it is there on our CCAvenue website also, link is provided. India is an Android market, so any Android version 9 and above can accept it. And the phone should have an NFC. So, every smartphone, I think about Rs. 3,500 is already having an NFC chip, right? So, that is all the two requirements that is there. Android phone with NFC, which almost every smartphone of Rs. 3,500-4,000 and above has along with an android version 9 and above which can accept it. And just go on CCAvenue, even the sign up and online onboarding is also through the app itself.

Deepesh Sancheti: It effectively becomes a POS, right?

Vishwas Patel: Yes, your phone becomes a POS because that's where the whole thing is to align with the Prime Minister's vision of Har Bhartiya Vyapari. So, it's an ability to pay which we have been focusing till now. Everyone will be able to pay without cash. Now we are changing the whole 360 degrees and now we are saying ability to collect. So, anybody and everybody, be it even a coolie at the railway station, after doing his job, he can just collect it or a tuition teacher at a student's home can collect the payment by just taking out a phone. And the payment options are not restricted, not just UPI scanning and doing it but also credit cards, debit cards. Credit card volumes are growing at over INR 1,50,000 crores per month along with growth in debit cards and then there are also different wallets that are there in the market which can be accepted through it.

Deepesh Sancheti: Can you explain what will be the revenue model for this?

Vishwas Patel: It is the same CCAvenue model. We earn on every transaction, the bps part we discussed in the first part of the call, that's where it does. But in the offline world the bps are a little higher. So, the margins are in double digit bps.

Moderator: The next question comes from the line of Garima Shah from Envision Capital.

Garima Shah: I am curious to know what's happening to the GeM 2.0 platform. I mean, are you in the process of building it or is it still some time away.

- Vishwas Patel:** So, I'll give you some background. We've announced that as well in one of our public announcements. The GeM 2.0 is a completely new platform. It has no relation with the current existing platform. There is an RFP which was floated by the government of India whereby there is a definition called MSP, which is the Main Service Provider, and that they would have to build it from scratch. The timeline for that is about 18 months to deploy. And within that time frame, you also would need to migrate the old platform data and many others to the new platform. The current contract which we have is up to December 2023. And there is an option to extend that contract. Even in the existing contract Infibeam Avenues is not the MSP. We provide the core technology infrastructure for the marketplace. And in the past as well, we have announced that we will be working with companies, whether it's a current MSP or whoever is the new MSP, in this case TCS, to be able to go and offer our core solutioning frameworks. So, other than that, I don't have too much to share. But we expect that we should hear something in the next two to four weeks. That is regarding the extension of the existing contract and how and when we would participate in terms of building out the new program. And as we have more information available, we'll share it with you.
- Garima Shah:** So, the processing volume of say INR 53,000 crores that we've done in this quarter, we earn some margins on that.
- Vishwas Patel:** That's correct.
- Garima Shah:** And if everything goes well and whatever is the contract, that kind of, can continue going ahead.
- Vishwas Patel:** That's correct.
- Garima Shah:** And the other question that I had was on this entire Go Payments. So, the transaction value of INR 3400 crores. What does it mean? It means all these services together which you highlighted on the slide or what was it?
- Vishwas Patel:** So, it includes all the services provided by Go Payments directly to the consumers. So that's the services they offer to the agents who further give all these services like money transfer, recharges, insurance, cash collections, BBPS, bill payments, Aadhaar enabled payment systems and all that stuff. So, the total volume done through that processing via those agent networks last year was INR 12,440 crores. And this quarter in 90 days alone, it's around INR 3432 crores.
- Garima Shah:** And this has higher take rates or what's the take rate that we are on.
- Vishwas Patel:** There are variety of services, some are flat fee, some are percentage and other things. But at individual level, it has already gone into profitability from this month itself.
- Moderator:** The next question comes from the line of Ashish from Infinity Alter.

Ashish: Just a couple of questions from my side. One, there's a substantial cash in the balance sheet. What is the thought process in terms of capital allocation going forward on that?

Vishal Mehta: So, basically, we talked earlier about express settlements. And express settlement is such that rather than doing a settlement with a merchant on T+2 or T+5 days, we do the same day settlement. When you pay a merchant, generally it takes a settlement time before we would remit the amounts into the merchant account, but instead we would do it the exact same day. And for that, we get extra bps. It's technically not lending, but it's essentially part of our rate contract and structure whereby we are able to do same day settlement. What it does is it changes the cash flow of the merchant significantly. And through that, by design, our cost of collection practically isn't there because the money is coming into our Escrow. And then at the end, we would ensure that we would submit it to the bank and take the amounts. And for that, we today put our own balance sheet. So, rather than taking any loans, we will put our own balance sheet into it because we've done, integral wise, more than \$1 billion last year of express settlement with zero NPAs. So, now that we can do \$1 billion, we think that we can go to \$10 billion. And rather than doing and scaling it up without actually understanding the dynamics, we took an appropriately conservative approach. And that's one place that we'd be positioning.

And the second area that we'll focus on is international growth. So, we think that international can potentially become 30% or more of our overall payment revenues and we think that somewhat raising capital as well as investing capital into the international markets, in each of the markets, there will be different dynamics, but we think, that becomes a potential opportunity for us to grow.

And the third area that we'll be looking at investing into, and we've already announced that, is artificial intelligence, the AI/ML frameworks that we'll build up. And that is more of a solutioning framework, not a product framework. So, we think that as we build up, we'll continue receiving revenues as well while we're building through. And eventually it'll transform into a product because we are solving large problems either for the government or commercial use and potentially building out products that help the industry build up further.

These are the three areas that we're spending capital in.

Ashish: And in terms of the adjusted PAT, what are the MTM? Why did we have an MTM loss this quarter? Is it part and parcel of our business?

Vishal Mehta: The MTM loss is basically because of the investments that we've made in companies. So, it's a notional loss.

Ashish: Which one, is this the Middle Eastern company, is that the loss?

Vishal Mehta: No, it's DRC Systems. It is a software services company.

- Moderator:** The next question comes from the line of Biju Nair, an individual investor.
- Biju Nair:** I would like to know when we can have Nasdaq listing. Since the share price is not moving and it is around 14. We know that we don't have any control on the market but what is the company doing to create value for shareholders? What is the plan for Nasdaq listing? There was a report in Economic Times, that's why I am asking.
- Vishwas Patel:** Currently, the Indian company has no plans to list in Nasdaq, that much I can tell you. International opportunities that we have whereby we own 100% subsidiary in other countries, one of them being UAE, UAE processes AED 10 billion right now on an annualized basis across 7000 odd clients. So, if you go to the top of Burj Khalifa, if you look at Emaar property tax, DAMAC Properties, and many others, and hopefully some of you may have talked to your friends and family in UAE, they would have used CCAvenue.ae. And with TapPay from a few thousand merchants, we'll go to tens of thousands of merchants. Unlike India, UAE is not a very large geography. And the article that you refer to is where there are opportunities to raise capital in each region and that is the reference that you may be alluding to. Currently we don't have anything more to add other than the fact that they'd be raising capital and as in when we hear from our subsidiary, we'll be able to announce it to you as well.
- Biju Nair:** Are we planning any corporate action like bonus issue in near term to create value for shareholders?
- Vishal Mehta:** We have given dividends, full year dividends for last year. We will continue evaluating and having our board advise us in terms of what we should be doing this year. We've given guidance for this year. We think we are very confident about achieving the numbers that we've stated in our guidance. And the first quarter being a soft quarter, we still had 77% growth in terms of gross revenues. We've announced some kind of structuring where we are listing one of our subsidiary companies into the market and giving shares of that subsidiary company to our shareholders, which is Odigma which is the one that we've announced recently. So, as, and when the opportunity is right and the businesses have scaled up and mature and then they have an opportunity to grow, we will continue doing this.
- Biju Nair:** So, will it be separate listing?
- Vishal Mehta:** Yes, it will be separate listing.
- Biju Nair:** When it will happen, sir? This year end.
- Vishal Mehta:** It's pending regulatory approvals, but we think it should be this financial, this fiscal but of course it has to go through the process.
- Biju Nair:** So, by next year we can think of a bonus issue and not this year.

- Vishal Mehta:** While I will not be able to comment specifically on your comment, what I can tell you is that as soon as Odigma is listed, our shareholders will be receiving shares of that company.
- Biju Nair:** Because share is not moving too much. That's why.
- Vishal Mehta:** Like I said, we've also announced our AGM dates. And the cut off for dividend as well, along with that.
- Moderator:** Due to time constraints, that was the last question. I would now like to hand the conference over to the management for closing comments.
- Vishwas Patel:** Thank you all for attending our first quarter conference call and we look forward to keeping in touch and providing you with the latest updates of the company and look forward to having you again back in our subsequent calls. Thanks all.
- Moderator:** On behalf of Go India Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.