

May 30, 2023

<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>
--	--

Dear Sir / Madam,

**Sub: Transcript of Earnings Conference Call for the quarter and year ended March 31, 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 and year ended on March 31, 2023 conducted on Thursday, May 25, 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](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**

**Regd. Office:** 28<sup>th</sup> Floor, GIFT Two Building, Block No. 56, Road-5C, Zone-5, GIFT CITY, Gandhinagar,  
Taluka & District - Gandhinagar – 382 355, **CIN: L64203GJ2010PLC061366**

**Tel:** +91 79 67772204 | **Fax:** +91 79 67772205 | **Email:** [ir@ia.ooo](mailto:ir@ia.ooo) | **Website:** [www.ia.ooo](http://www.ia.ooo)



“Infibeam Avenues Limited  
Q4 FY ‘23 Earnings Conference Call”  
May 25, 2023



**Management:**

- Mr. Vishal Mehta – Managing Director – 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 Q4 FY '23 Earnings 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 star then zero on a touchstone 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.

**Rajat Gupta:** Thank you Andrew. Good afternoon, everyone, and welcome to Infibeam Avenues Limited earnings call to discuss the Q4 and FY '23 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 good evening to all of you, and a very warm welcome to the earnings call of Infibeam Avenues. I hope you have all had a chance to go through the presentation, which has been uploaded on the site as well as the exchanges. For Infibeam, FY '23 has been a really iconic year. We've registered the best ever performance with a total income for FY '23 going beyond INR2,000 crores for the first time in the history of the company. Our transaction processing volume reached INR 4.5 lakh crores, upwards of \$50 billion during the year. If you compare year-over-year, the transaction processing volume has grown by 52%.

We've added 3.5 million merchants during the year, approximately 9,500 merchants every day, taking the total merchant count to 9.2 million. It's been a very successful year, which has led to an increased business. The company's EBITDA for FY '23 full year increased by 24% to INR 180 crores. And like-to-like PAT was up by 21% crossing more than INR100 crores mark for the first time. We are exceptionally delighted with the overall business performance.

Our strategy of having a globally winning combination of digital payments and a software platform with a wide variety of different payment options and mix has been very rewarding. Our philosophy of going after profitable revenue growth and our central focus on offering exceptionally robust technology to merchants and banks have really helped the company scale to new heights and we have achieved record milestones during the year.

The combination of payments and platform has aided us in gaining a very strategic advantage and a competitive advantage to stay ahead in the business compared to peers. You can refer to

slide 14 in the presentation, which gives you slightly more details. We've invested across the payment ecosystem to offer comprehensive payment solutions to both merchants and the banks.

We offer payment acquiring, payment issuance, remittance through Infibeam's CCAvenue, Go Payments and other investment in Fable Fintech. These offerings comprehensively cover payment industry, allowing us to build a very strong business and technology partnerships. We have extended our payment platform to manage payment infrastructure for top banks in India as well as in our international markets. This leads to a very strong and long-term sustainable partnership with these banks, providing us with a very good pipeline of merchants and a much better pricing. The same is evident from the growth of the merchant as well as the rise in the net take rate per transaction.

We have pioneered many industry firsts in the payment business over the last two decades. The company has maintained a very frictionless relationship with both banking partners as well as the regulators and the merchants since inception. The company's robust bank-grade technology makes it merchant and bank's preferred payment partner.

The company has also received two coveted licenses from RBI in payments. One, which is the in-principle approval to operate as the payment aggregator in India. And the second one, which is a perpetual license to operate as a Bharat BillPay infrastructure unit. This has helped us gain an edge in the digital payments industry by being able to gain market share in the utility space, where the company has made a lot of inroads in terms of gaining market share.

It also signifies to merchants and bank partners, of a robust, safe and secure payment platforms thus giving us continuous and consistent business. In fact, since the receipt of the license the daily number of merchant registrations have significantly increased, new banks have partnered with us to provide them the acquiring as well as the bill payment infrastructure. There is a lot more in the pipeline that we are working on. The company also has micro services architecture and software frameworks as we build and that allows us to build highly scalable technology frameworks. This has allowed the company to provide this e-commerce infrastructure to large merchants in both India as well as international markets.

Along with that, the company also offers e-commerce suite for merchants to jump start their online journey as well as host their data and offers a wide variety of value-added web services all under one roof. Our aim to build a very long-term scalable business, centred around offering rich technology experience to merchants by simplifying their online business requirements will lead to a superior business as well as shareholder value.

With this, I hand over the call to Vishwas to give you updates on the payments business. Vishwas, over to you.

**Vishwas Patel:**

Thank you, Vishal. Good evening, everyone. In FY '23, the payment industry continued its growth despite fears that the industry might see a slowdown. The payment industry grew by a massive 61% in FY '23, higher than the 56% growth seen in FY '22. The P2M, person to merchant payment industry size in FY '23 is estimated by us at around INR 74 lakh crores or

around \$900 billion, which comprises of credit card, debit cards, PPIs, UPI P2M payments and net banking.

Various industry research, estimates the industry growth in the range of 20% to 30%. We have assumed a 25% annual growth rate for the next five years until FY '28 valuing the industry size to grow to around INR 225 lakh crores or approximately \$3 trillion, generating a revenue opportunity of over INR 1 lakh crores from the current estimate of INR 44,000 crores for the FY '23, a CAGR of approx 20% over the next five years.

The digital ecosystem is expanding and the total addressable market continues to grow; refer to slide 11. With increasing digital revolution, the role of digital payments will be at the centre. Infibeam Avenues aims to be at the centre of this revolution by providing payments across the board and be a preferred partner for the merchants and the banks.

Infibeam Avenues credits a substantial increase in total income to the tectonic shift occurring within the credit card commission space. The Payment industry is undergoing a significant transformation as it has been increasingly regulated. The implementation of government policies to oversee the payment sector and protect consumer right has undoubtedly played a crucial role in managing the fair play in the payment space.

Added to that the VC and PE-backed payment aggregators are witnessing transformation as they are confronted with three formidable challenges. Firstly, funding winter; secondly VC and PE investors prioritizing profitability above growth; and thirdly, the company's payment business CCAvenue, which has consistently avoided offering such heavy discount and commissions, thus maintaining profitability since its inception.

During the year, we scaled up payment business in India and international markets. The India TPV increased 25% year-on-year, while international TPV doubled. In India, we experienced growth from the COVID-impacted profitable sectors like airlines, hospitality, entertainment, etcetera.

We extensively work with the banks to provide them a robust payment infrastructure with high SLAs to ensure seamless payment movement. We onboarded new banks. We work for better pricing with our banks. We raised prices up for merchants for our premium products and services as well as we invested in newer technology and expansion initiatives in India and international markets, like the launch of our mobile payment solution, the CCAvenue TapPay that converts any smartphone into a point-of-sale terminal.

The company's commitment to improve its unit economics that is a net earnings in the payment business is expected to increased to double digit in FY '24 and beyond and it's now starting to take shape.

All these initiatives that I mentioned earlier helped us in improving our unit economics in payment business to 9 bps in Q4 2023 from 6.3 bps in Q4 of FY 2022, which is up 43% year-on-year. All these initiatives will help us in reaching our double-digit net take rate target by the end of FY '24. Please note, our international net take rate is already in double digits, and contribution from international business in future will further aid our net take rate. Additionally,

we scaled our express settlement business that is lending to the merchants who want early settlement of payment funds. This will further increase our net take rate per transaction.

In India, we have a 9% market share of online credit spends as per RBI data. Credit options, including Credit cards, EMI, BNPL contributed 52% to the India TPV in Q4 and 46% for the full year FY '23. We are particularly excited with the growth shown in credit card spend in April and May 2023. Credit card spends in April '23 increased 26% year-on-year. The total spend in April '23 was highest compared to all the months of FY '22 except March 2023. We analyzed RBI data until 22nd May, and we are expecting 30% year-on-year increase in the credit card spend.

This can also be attributed to the rising number of credit cards, which has reached 8.7 crores in April from 7.5 crores in April 2022. Our online debit card market share is 7%, and we have estimated our net banking share at 3%. Given the number of payment players, including the banks, we think the market share in credit and debit card is commendable. It also allows us to earn good margins compared to UPI, which contributes only 7% to 8% of our India TPV.

We anticipate our payment income growth trajectory to continue going forward as we continue to invest in building superior technology solutions for merchants and banks, have a profitable balance of payment and industry mix within our TPV, build tie-ups with banks for providing them a premium infrastructure globally, continue to onboard new merchants, offline expansion through CCAvenue Tap Pay, the international expansion and undertake such initiatives to create value for business and for the shareholders.

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

**Sunil Bhagat:**

Thank you, Vishwas Bhai. Good evening to all of you. Throughout the year, we worked extensively to expand business activities through multiple business tie-ups to gain higher revenue share and improve operating performance to generate higher cash flows, which we can use for further business expansion. I'm pleased to state that in FY '23, the company has registered the highest ever total income of INR 2,033 crores, an increase of 56% year-over-year. And sequentially, the total income went up by 81% to INR 674 crores, a very significant growth.

Our annual transaction processing value was INR 4.5 lakh crores, an increase of 52% year-over-year. And the quarterly transaction processing value was INR 1.5 lakh crores, a growth of 61% year-over-year. Our gross take rate increased to 120 basis points in quarter four FY '23 on the back of 52% contribution from credit card payment options.

A high combination of profitable and high-margin credit and debit options has laid payment net take rate to improve 9 basis points in Q4 FY '23. That is up 43% year-over-year. With several initiatives in place, we are confident to take it to double digits by the end of FY '24.

With this performance, we registered an EBITDA increase year-over-year of 45% to INR 180 crores, and profit after tax increase of 63% to INR 136 crores for FY '23. On the cost front, with zero debt, we do not have large interest burden and the other expenses, be it employee costs or other administrative expenses have been kept under control, resulting in the above mentioned

numbers. This has resulted in ROE of 7% in FY '23 compared to 6% in FY '22 and ROCE of 10% excluding goodwill. Buoyed by this performance, the Board has recommended a full year dividend of 5%. As we step into FY '24 and beyond, we will continue to pursue profitable growth.

I now hand over the call to the operator to open the floor for Q&A. Thank you very much.

- Moderator:** The first question comes from the line of Rahul Bhangadia from Lucky Investment Managers.
- Rahul Bhangadia:** Okay. Okay. Sir, first question, is there a methodology change in the way the TPV has been calculated? Because generally speaking your take rates and your net revenue, they generally match out with the TPV. But this time, the TPV is almost INR1.5 lakh crores, and you are saying the take rate is almost 9 bps. But the net revenue of INR92 crores doesn't match that. So just trying to understand the math.
- Purvesh Parekh:** Rahul, this is Purvesh here. So Rahul, our INR1.5 lakh crores of TPV is a combination of what we do as GMV on the GeM platform as well as what we process on the payments platform through the CCAvenue payments portal. So between the two, payment contributes roughly about INR 51,000-52,000 crores, and roughly about INR 83,000 crores comes from GeM. And then there are other platforms like BillAvenue and Go Payments, which are also our other business payment platforms. So our payment platforms have done the 9 bps that we have done in the quarter.
- Rahul Bhangadia:** And how about GeM then?
- Purvesh Parekh:** GeM is on a per transaction basis, but we've also mentioned in the past that as the volumes keep increasing, there is a volume discount as well. And our MD had mentioned in the previous call that this year onwards, on the G2G transactions, there is no revenue for the MSP.
- Rahul Bhangadia:** Okay. So how do we model with GeM then? While we talk about the volumes going up and we have touched about INR83,000 crores in Q4 on GeM. How do we model the revenue on that particular line item?
- Vishal Mehta:** Basically, we'll need to give you some indication on removal of G2G transactions, which are not remunerative. That's one. And I think overall, if you look at the perspective, I think there is a slightly diminishing curve as you go through Q4 because in the beginning of the year up to a certain threshold for the year, the numbers will stack up. But once you exceed a certain amount and a threshold, then the overall bps go down. So there are slabs that are there. So what we can do is we can give you some indications of the slabs, and that may be a good way to model it.
- Rahul Bhangadia:** Yes. That would be really helpful. That would be really helpful. Okay. And the second question I had before I go back to the queue was I'm assuming, sir, this other income is purely all from the cash that we have on the balance sheet, whether it is interest or dividends or whatever it may be.
- Vishal Mehta:** Other income is mainly cash, Yes. And there is some mark-to-market and interest on certain securities held by the company.

- Rahul Bhangadia:** Okay. But broadly, it is deriving from the cash, not operational at all -- nothing operational?
- Vishal Mehta:** Correct. That's correct. That's right.
- Moderator:** Thank you. Next question comes from the line of Gaurav Sharma from HSBC Securities.
- Gaurav Sharma:** So two questions. First is related to the -- you have seen that there is a slight decline in the share of platform revenues. So just wanted to understand like going forward, what will be the steady state of contribution from this segment? And also, if you can provide the steady state breakup of the payment contribution going forward for next two to three years, that is one.
- And second question is related to your Tap Pay payment services. So just wanted to know what are your expansion plans on this? I understand that you have given the download targets of 1 million for FY '24, but how it will contribute to the revenues? And what will be the contribution against the various other services like QR Pay, LinkPay. So, what contribution it will have in these services? These are my two questions.
- Vishal Mehta:** Sure. So if we look at slide 7, where we've actually given some indications on the gross revenue on a segmental basis. And if you look at the platform revenues, of course, on a sequential basis, on an absolute basis, it has gone up but since the revenues, and this is net revenue, typically whereas in payments, we do have a gross revenue as well as a net revenue. So if you look at the sequential '22 versus '23, we have done about close to INR 170 crores. In terms of the platform it is more than what we have done absolutely in the FY '22. So that's one.
- And the second piece is that as far as the platform framework and business is concerned, we believe that we'll see, of course, improved absolute number this year compared to last year as well. There's about a 6% to 10% increase from year-over-year. We believe the platform has a lot more capability to be able to offer to more clients. We have built out quite a bit of service architecture this year and reengineered to be able to offer to more clients. And so we believe that there will be some level of expansion that you would see this year compared to what you would have seen year-over-year from '22 to '23. So that's the platform story.
- I think as far as the payments question is concerned -- payments, of course, because of the growth in the payments which we have seen, which is exponential because sequentially, we have seen more than a 50% jump. We believe that in percentage terms, the platform revenue will, of course, be lower because today also, if you look at the platform revenue, it's up 15% of the overall revenue because it's net revenue versus gross the one that you're comparing to. But in payments, Tap Pay is going to be a very important part of what we will be offering to our clients. Currently, we still believe that we'll go after the 1 million odd merchants that we would offer Tap Pay solution to.
- We think that in the next three to six months, you will start seeing certain merchants that you would be transacting with on an offline basis to utilizing the Tap Pay solution from us, which is CCAvenue Tap Pay. Of course, we've got plans aligned to be able to offer it to about 1 million merchants because that will give us a combination of online and offline. We have not segmented our numbers yet.



We have not communicated how much we are generating out of Tap Pay. But we believe that once we get to a certain scale and size, we will provide more information on how much Tap Pay is providing to us. But to your question, 1 million merchants is definitely what we are targeting this year. And we hope that maybe in the next quarter, the quarter after, at least you would have transacted through merchants who you see CCAvenue Tap Pay.

**Moderator:** Next question comes from the line of Mayur Liman from Profitmart Securities.

**Mayur Liman:** Congratulations on a great set of numbers. I just want to ask that recently you have entered into the strategic partnership with PayPal for global payment acceptance. Can you provide more details in terms of how would this partnership help us scale our international business? And what would it mean for our business growth in those geographies?

**Vishal Mehta:** Okay. Vishwas here. Okay. We have tied up with PayPal for allowing PayPal as a payment option in the markets of UAE and Saudi Arabia, where we are present. We dominate the UAE market, but the payment options are limited to Mastercard, Visa, American Express and local net banking there. PayPal is an additional option where on every transaction we will have revenues, but you understand the MENA region, specifically UAE, there are a lot of foreigners or expats who live there, and they necessarily have PayPal accounts from their home countries there. So this kind of tie-ups help us increase the bouquet of payment options that we can offer to the merchants and earn on every transaction that we can do. PayPal has around 700 million, wallets across the world. To be able to pay to our UAE merchants, those are additional payment options. Of course, transactions will scale. We don't report payment option-wise numbers, but it will count in our overall transaction growth in that region.

**Mayur Liman:** Yes. Okay. And second one is lastly just wanted to understand that in six months of launch, we have only onboarded 150,000 merchants. What makes us confident that we will achieve the 1 million in financial year 2024? And what are we doing to tap and onboard another 850,000 incrementally?

**Vishwas Patel:** Okay. So Vishwas here. We have seen exponential growth across merchants in India, right? And if you've seen, we have onboarded an average of more than 8,000 merchants every day, including the TapPay merchants and online merchants. This is particularly because RBI gave out licensing. And we are considered the gold standard in payments, just like what HDFC Bank is in the banking sector, we have a premium on it. And secondly, most of the major PGs were not able to onboard online merchants. So the load was so much. So the focus, again, went into onboarding all these merchants.

In TapPay, you'll see increased adoption in the coming months. We already have feet on ground through our subsidiary company, Go Payments. And through that, we are going to be able to scale it to 1 million merchants. I think the numbers will come. As of now, if you see they're already 2.5 lakh app downloads of Tap Pay in the market. So it's growing significantly. We're pretty confident in the next two or three quarters, we'll achieve the 1 million number.

**Vishal Mehta:** To add to what Vishwas said, we have also opened up our SDK, which is the software development kit. So in other words, you can use whatever payment options that you want, but

Tap will only happen through us. And that also requires a huge set of licenses and approvals from card payment networks, which I think we are one of the only ones who have it in the country. So if you open up the SDK, you don't have to replace the payment gateway. So of course, first initial part would be to offer it as a bundling solution with our payments. And then we'll also have an option to open up the SDK so that any merchant can enable Tap onto any of the existing devices that they have.

**Mayur Liman:**

Okay. And sir, just you have already achieved the INR4.5 lakh crores in FY '23. How do you see the FY '24 TPV movement and take rates? And also how confident are you to get the GeM renewed given the latest development as that will also define the TPVs in coming years?

**Vishal Mehta:**

Sure. So as far as our growth is concerned, we are still seeing very strong growth in April and May of this year. Year-over-year, we are looking at more than a 40% growth, 40% to 50%. So I think so far, the business looks strong. And of course, we'll keep on updating you in terms of how that rewards us. But Yes, we expect that we're targeting a growth of about 40% year-over-year this year. That's one.

And as far as GeM renewal is concerned, we made certain voluntary disclosures. We are currently not an MSP. We are part of a consortium in GeM. GeM is a national procurement portal and of national importance, in which we are not the main service provider currently. We are a consulting partner. We bring our expertise on software components and in specific, the whole e-marketplace framework for the GeM implementation. This implementation was for a period of five years and it can be further extended to two more years. So basically, from the go-live, we have until December 2023, and that engagement will continue and it can be extended for two more years. Now the new GeM RFP, which you are referring to, that has come out, gives 18 months for someone to develop a completely new framework from scratch from the time of award. So we expect that even if the new RFP is out there, it will take 24 months for a new framework to be established, from now. And that gives us enough reason to believe that up to December 2025 we will have a lot of work to be done for GeM. So that's the first part.

And the second part is that while we have provided that in our clarification in terms of the status of the bid to become an MSP because, in the past, for GeM implementation, we were not an MSP. We were a partner vendor. Similarly, in the new GeM RFP we had applied for being a MSP, which we have disclosed as part of our voluntary clarification that we are not in that race.

So we will pursue the opportunity to continue being a provider to the new MSP or we will look at the options of responding back to GeM in terms of being able to qualify us to become an MSP. But at this time, we don't have more information to provide to you. So in a nutshell, we believe that for the next foreseeable couple of years, we will have a role to play in GeM no matter what the outcome is.

**Moderator:**

The next question comes from the line of Pranay Jain from Deal Wealth Securities.

**Pranay Jain:**

Over the next two years, what is the improvement that we are penciling or aiming in the net earnings per transaction from 9 basis points that we've exited in Q4? Can it be mid or high teens, say, by FY '25?

**Vishal Mehta:** We've publicly communicated that we will look for a double-digit by end of '24. I think the payment industry, like Vishwas had mentioned prior to Q&A, it's going through transitions, established companies and funded players, they are looking for profitable growth now, which has always been the DNA of our company since the inception. And because of that, I think that's one dimension of why take rates are improving.

Second dimension of our take rate improvement will be TapPay because we believe that offline transactions where card is present has a different take rate compared to online transactions, given that the risk profile is different.

And so a combination of those two, we believe, will have a good impact in terms of how take rates will improve; we've seen quite a bit of progress. While competition has been extremely heavy and funded players would want to take up business even at a discount, we have always maintained our position that we will take profitable business and grow. So if you continue that path, we may be able to achieve what we were talking about, much earlier than that.

**Vishwas Patel:** And to add to what Vishal said, the international processing like in UAE, we are doing in excess of around AED 10 billion, that's already in double digits and international business will also continue to grow, which is already a double-digit net take rate.

**Pranay Jain:** So on a blended basis, I mean at 9 basis points if you are exiting Q4, double digit is around the corner. I was looking if we have an aspirational number, say, two years down the line? FY '24, I've already understood, but given our investments in infrastructure and all the partnerships, I'm sure we would have some more visibility for FY '25. I was therefore looking. Do we have a range at least?

**Vishal Mehta:** See, in international, we will do 15 bps to 18 bps, easy. And so I think that we believe that because of the funding arbitrage where India is somewhat discounted by many of the players, which is coming to rationality, that would be a good aspirational number to go with.

**Pranay Jain:** And with regards to the government thrust on, let's say, the RuPay card and how the MDR dynamics are, how do you foresee the growth of RuPay cards and possibly lower revenue from that versus other merchants like Visa, Mastercard and so on and so forth? So as a market and as a player, how are we understanding this?

**Vishwas Patel:** Okay. So from RuPay credit card perspective, RuPay credit card has the same MDR or the earnings that is there from a Mastercard and a Visa credit card. So that is sorted and that's where the government focuses. As far as RuPay debit card and UPI is concerned, today, both are under zero MDR. And the government is now paying the MDR on behalf of the merchant. So there is earnings that will come in for processing UPI and RuPay debit card. If you have seen other players already now booking that payment that is coming from the government. Till today, we have not claimed those, but we will be claiming in the coming quarters the MDR that the government incentivizes to process RuPay debit card and UPI.

**Pranay Jain:** Okay. So the framework from government side is pretty clear for us to claim. There is no ambiguity on that front you're saying.

- Vishwas Patel:** There's no ambiguity. The government had sanctioned INR 2,400 crores for this financial year as incentive for processing UPI and RuPay debt cards.
- Pranay Jain:** Okay. That gives quite some clarity. And with regards to international business, while you have given a range, I just wanted to understand what more partnerships like PayPal are we looking at in other geographies, whether it is Australia or MENA or U.S. for that matter because you have indicated in your road map that more geographies are being actively considered. So other than our direct presence, what other kind of major partnerships would we be working on?
- Vishwas Patel:** Okay. Yes. So for every country has its own sets of domestic payment options and international payment options. So right now, when we go into Saudi Arabia, 'mada' is the payment network there, which works for all the local debit options. So that partnership is already in place. We're working on the last bit of certification. Similarly, Australia has its unique and lots of local domestic network players as well as BNPLs like Affirm and others.
- So the local partnerships in each markets will continue, like in India, we work with almost 200-plus payment options that includes almost 100 net banking options, credit card, debit cards, all kinds of wallets of Paytm, Airtel Payments Bank, to lots of, buy-now-pay-later like Simpl and many others. So those partnerships will continue. And for us, we are intermediaries. The more options we offer to our merchants for them to offer to their customers to pay, we make money on every transaction.
- Vishal Mehta:** To add to what Vishwas said an aspirational partnership would be something like an Apple, in international territories.
- Moderator:** Next question comes from the line of Meet Rachchh from Anubhuti Advisors.
- Meet Rachchh:** So first question is in terms of gross revenue from platforms so if I look at Y-o-Y growth, it's only 6%. That revenue has grown from INR160 crores to INR169 crores while our GeM TPV has almost doubled from INR 1 lakh crores to INR 2 lakh crores. So what is the bridge to this? I understand that majority of the gross revenue from platform business is via GeM portal.
- Vishal Mehta:** Correct. So two things. One is that there is some G2G contracts, government to government contracts. So the government to government contracts, they are not remunerative to the provider. And so that is one. Second is that there is slab-wise diminishing curve. So what that means is that as you process more, the revenues will not be the same. And what we'll do is we'll attempt to actually share that information with you as well so that it gives some more clarity in terms of how this can be modelled.
- Meet Rachchh:** Okay. So out of INR 200 lakh crores, how much will be from G2G contracts?
- Vishal Mehta:** I will double check if the client provides the specifics, but we'll find out a way to communicate that information in some way, which is compliant with the client disclosures.
- Meet Rachchh:** Okay. And one thing, in some previous question, one of the management members has said 40% Y-o-Y growth in FY '24. So I missed that part, what was that about?

**Vishal Mehta:** In May and June of this year, we have seen a 40% growth vs the same quarter last year. So we continue to track it -- we are seeing tractions -- 40% growth in revenues and transactions with the same quarter last year.

**Moderator:** The next question comes from the line of Pranay Jain from Deal Wealth.

**Ayushi:** So basically, I had two questions. First, Sir, you said the GeM license there is a possibility that it gets extended to two more years. Right now, we haven't really complied with the qualification according to the e-procurement site. So if the GeM license gets extended for two more years with similar terms and the engagement is extended to December 2025, but Sir, after that point, the major contributor to the platform business will cease to exist for the company. You did mention that we'll probably be a service provider, but I wanted to understand in what capacity?

And what kind of hit will the company's profitability take once the GeM license expires? Because, Sir, currently the platform business contributed INR 169 crores of revenue and INR 76 crores of profit. So sir, how much of this contribution is from GeM and how much is contributed by other platform? Sir, I know that you said that you probably wouldn't share the bifurcation right now, but sir, we need to know as investors because it is a big contribution to our profitability and without that, we are left uncertain.

**Vishal Mehta:** Sure. So the reference that you made to -- in terms of our voluntary clarification of the bid was about us being part of -- us being an MSP, which is the main service provider. So to my clarification on the earlier question, today also in our current GeM contract, we are not an MSP and we aspirationally wanted to apply in terms of being an MSP, which is where you are seeing the public procurement portal says, what it does.

And we have of course reached out to the client for a clarification on the same. Having said that, that does not preclude us from being part of a partner consortium, which means that we will look at the opportunities that are available for us post '25, whatever the decision may be in terms of participation in GeM.

The second part of your question what could be the impact post '25. See, the thing is that the framework that we've also started building up on is extremely robust. In other words, we have many other clients who have approached us in the past as well to be able to take our services. And so depending upon what the outcome is, we don't believe there will be a significant change in terms of the opportunities available to us with or without GeM. We will track it. We will communicate what we are going to do in terms of participation.

I think there are many international clients, given the scalability of the platform, the service orientation of the framework and the opportunity to open up APIs so that you can build out in the way you would want, we feel that there could be significant opportunities, perhaps some of them even more remunerative in certain cases than what we have right now. So we will evaluate our options and keep you updated. We don't expect a sudden change in terms of how we get compensated in terms of our platform business with or without the award. So we have certain options that we have thought through in place and we will be changing and updating clients and communicating as and when required.

**Ayushi:** Okay. Sir, just as a follow-up on that, basically, can we take the capabilities that you've developed for GeM to other countries and other clients, is that possible?

**Vishal Mehta:** So of course, it would be a different framework, not the GeM framework. But to answer your question, I mean, can we actually build out complete micro services architecture framework and give it to some other country? Absolutely yes.

**Ayushi:** Do you think there is a lucrative an opportunity in the MENA markets that you are currently exploring a lot?

**Vishal Mehta:** I won't go specific, but we see an opportunity both on countries and clients, large conglomerates.

**Ayushi:** The TPV guidance of INR 7.5 lakh crores by FY '25, will that change considering that we have like GeM that is like diminishing revenues from GeM, as you mentioned?

**Vishal Mehta:** Currently, we don't see that changing. So we think that we -- the opportunity is in front of us in both international markets are significantly large. So we will pursue them, and we don't see that number changing as of today.

**Ayushi:** Okay, sir. Sir and my second question is regarding a news article that was published in the Economic Times about basically Vavian International may offer around 25% of its equity stake and will be probably raising \$25 million to \$50 million. So I wanted to confirm the validity of this piece of the news.

Along with that, I wanted to understand like what do you think about the valuation? Because if you are raising around, say, \$25 million to \$50 million, that is at around INR 260 crores to INR 410 crores approximately. So if you think that is a fair value for the subsidiary, so if you could shed some light on valuations as well as like plans for future?

**Vishal Mehta:** See, our international business specific, our UAE business has grown significantly. We are number 2 in that region. We processed more than AED 10 billion on an annualized basis across more than 6,000 clients. And of course, we believe that with the Tap Pay Solution also opening up internationally, we can add tens of thousands of merchants in that region. So of course, that there's a separate entity and they can answer certain other questions much better. What I can tell you is that they would be looking at growth opportunities from time-to-time even investment opportunities from time-to-time. And I think that's how much we can talk about at the moment.

**Ayushi:** Okay. And sir, just the last question I had. Last time I had asked the question to Mr. Vishwas about the patents that we have filed regarding Tap-on-Phone former payments. At that time, you had mentioned that you did not have an update on the applications that we had made. So I wanted to enquire if you have an update as of now because it's been like a complete quarter?

**Vishwas Patel:** Yes, Vishwas here. So you are talking did we upload the patent for Tap Pay, right?

**Ayushi:** I think the patents were filed for paying on the customers mobile, like a customer can pay on their own phone for the e-commerce transaction. You can correct me if I'm wrong, but this is as per my understanding?

**Vishwas Patel:** Yes, I think I have to confirm with my legal, but I think the patents that we were talking about has been filed, but it stands for confirmation. I right now don't have insights but our team were filing patents around 6 or 7 months back. I don't have patent update for that application.

**Moderator:** Next question comes from the line of Krishna an Individual Investor.

**Krishna:** Yes, it has been answered. Thank you.

**Moderator:** Next question comes from the line of Chandan Singh, an Individual Investor.

**Chandan Singh:** Okay. So I just wanted to know, sir, that though we have been talking about a lot in terms of percentage in transactions and money being made and into various geographies we are expanding. But as an investor, I do not see that it is getting transformed into stock price rising in the market. Do you think there is any reason associated to it or do you think there's any perception which has been built over the past and that's the reason it's not really picking up well?

**Vishal Mehta:** I think what we do is we control the inputs into what we do. In other words, we control the business and we control what we drive in terms of our goals and numbers. And we can talk very fluently about those businesses. As far as the market and the market dynamics are concerned, in the past, we were the opening batsman. We did not have peers, now there are peers like Paytm one of the fintech companies.

And as more fintech companies come in, there will be more understanding of the market and of the business and the scalability will perhaps create more understanding within the community in terms of how to think through such companies.

So I think that if you look at how fintech has done overall, I think that we're looking at the private markets versus how public markets are traded. We definitely think that there is a big gap, how private companies get valued compared to publicly-traded companies. Having said that, we think we will continue to focus on execution. And that execution focus will lead to shareholder value.

But I think we don't find a specific one particular reason. We think that as long as we can keep on executing, you must have looked at our performance for last year, for the first time, for a company of the size and scale that we operate, getting to total income of INR 2,000 crores is a big achievement, we believe.

And even this quarter, we are seeing strong numbers, we see more than 40% growth quarter-over-quarter compared to last year. So, I think we see the year being strong with our focus on international markets, because international is a single-digit percentage of our overall number. We think that international can have the potential to be at least 25%, 30% of the overall transaction processing volumes. So we think that we'll continue focusing on that.

And with Tap Pay being a very large opportunity to be able to reach out in the physical world, we think that '23, '24 is a year where you would want to walk into a shop and you would see CCAvenue TapPay as one of the payment option. I think if you are able to achieve those specifics, we believe that we'll deserve the investors through execution and that the value will also show up.

**Chandan Singh:** I got it, sir, but I personally feel that some kind of attention is not paid in this area this is not really going to progress. I definitely believe that you're putting a lot of hard work on execution, but we also need to monitor what is really happening in the external world. Whereas I can see that there are many companies which I see post a lot of information to SEBI websites and they keep on coming out with updates, which really helps the share value grow in a better way. So I think some of your marketing team needs to concentrate in this area as well. Otherwise finally down the line, if it keeps dwindling down, you would not be able to raise a lot of money from public if required?

**Vishal Mehta:** Sure, it's good feedback. We'll take that.

**Moderator:** Next question comes from the line of Ayushi an Individual Investor.

**Ayushi:** Yes, sir. Sir, basically, my follow-up question was that as you had given guidance earlier, so I wanted to understand what are your projections based on profitability, volume of transactions in that space for the different segments that we have been looking at for FY '25 FY '26.

**Vishal Mehta:** Yes. So Ayushi, what we have done so far is that we are tracking a 40% growth in the first two months of this year. And maybe in the first quarter, we'll be having more information to share with you. But I think we would definitely look for a 40% improvement year-over-year across our metrics for this year.

**Ayushi:** But sir, 40% in each metric?

**Vishal Mehta:** The metrics that we talk about is typically the revenues, EBITDA. So we believe that if you are able to track to that number, then I think we will be able to, at the end of the quarter, we'll have much better guidance for the full year. So we'll keep you updated, but Yes, we'll be looking at a 40% growth year-over-year.

**Ayushi:** Okay. And sir, can you throw some light on regular operating expense increase that we had, [inaudible 0:56:57] increase in operating expenses, what exactly did we use this for? And sir, currently, as you mentioned that some of our competitors such as RazorPay are not onboarding new merchants. So I wanted to understand what you're doing about customer stickiness? And sir, I wanted an update from you about the NUE license that we are applying for. There has been no update on your end about what happened to that consortium?

And like are we going on and like are we applying? I think there were some news about RBI not continuing with the NUE applications at all because we didn't repeat any good quality applications. So what is the status about NUE specificity? And where do we stand as a company? Are you looking at other consortiums or how do we go about it? Please throw some light on the NUE part?

**Vishwas Patel:** Okay. Yes, so from the NUE perspective, officially, none of the players have heard anything from RBI. They have communicated there were 7 or 8 consortiums to put up the application, and these are some of the best, not only in India but from global scale. And everybody from Reliance to Tata's to even international big tech and everybody has participated and put in a lot



of effort. So of those 7 or 8 applications till now RBI has not officially communicated anything nor called anybody for any presentation or anything.

One or two comments by some of the RBI officers is what we hear from the press. But unless and until at least we are hear from RBI, until then we can't comment on the NUE application that is there. So I believe NUE is a very progressive step by RBI and a lot of players have put in a lot of effort to build a network which is like Visa and Mastercard. And can help India gain that global domination. So that's part of the NUE update that I can give at this juncture.

**Ayushi:** So sir, you basically are saying that the person that mentioned on the press release is not to be relied on as of now because that is unofficial communication.

**Vishwas Patel:** As I said, so we have officially submitted with a lot of paperwork and a whole lot of effort have gone over a couple of months with the four consortium partners, Reliance Industries, Facebook and Google. And we had applied officially to RBI. Similarly 7 other consortiums were there. Till now on that application, neither has been called for any hearing nor any response from RBI on that application until now. When we formally hear, we'll definitely communicate to you what is happening.

**Ayushi:** Okay sir. Sir, and the reason behind why GeM wasn't considered like basically your applications as per for the MSP position in the new GeM RFP why we weren't considered, some news articles mentioned that we didn't have a particular CMMI report, a certification for IT projects. So is that the reason or can you throw some more light on why we weren't selected. Is there any incompetencies on our end?

**Vishal Mehta:** There were a lot of prequalification criteria to being an MSP, and that is being a main service provider. You can be a partner and a vendor, but there were a significant number of criterias for companies to be able to become an MSP. And as part of being an MSP, there are certain specific requirements that had to be met. So I think short of actually going and saying that we've submitted our positioning. Today, also, we were not in MSP in the current consortium. But aspirationally, we wanted to look at potentially being an MSP, and that is a clarification that we have issued on a voluntary basis to all. So we have made the representation, so we don't have too much to share beyond that at the moment, Ayushi.

**Ayushi:** Okay. Sir, I actually wanted to congratulate you on the fact that all the guidances that you have been given so far has been, actually, they have been met with these results that you just posted. So sir, I wanted to know your profit guidance for the next year.

**Vishal Mehta:** So Ayushi, I think that we will be able to provide much better guidance in the first quarter for this year but we believe that a 40% growth on revenues and perhaps even in certain cases, EBITDA is possible for this year, which is what we target. But the exact guidance we'll provide after the first quarter.

**Moderator:** Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

**Vishal Mehta:** Thank you, everyone, for joining our annual call and we look forward to having all of you participate in our first quarter. Thank you.

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