February 06, 2025

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

Dear Sir / Madam,

Sub: Transcript of Earnings Conference Call for the quarter and nine months ended on December 31, 2024

In compliance with 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 nine months ended on December 31, 2024 conducted on Tuesday, November 04, 2025, 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 Digitally signed by SHYAMAL TRIVEDI Date: 2025.02.06 16:18:08 +05'30'

Shyamal Trivedi
Sr. Vice President & Company Secretary

Encl.: As above

"Infibeam Avenues Limited
Q3 FY '25 Earnings Conference Call"
February 04, 2025

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

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

Moderator: Ladies and gentlemen, good day, and welcome to Infibeam Avenues Limited Q3 FY '25 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Rajat Gupta: Yes. Thank you, Steve. Good evening, everyone, and welcome to Infibeam Avenues Limited earnings call to discuss the Q3 FY '25 results. We have on the call with us today, Mr. Vishal Mehta, Chairman and Managing Director; Mr. Vishwas Patel, Joint Managing Director; and Mr. Sunil Bhagat, Chief Financial Officer.

Also joining us on the call today is Mr. B. Ravi, who's advising Infibeam on corporate and financial strategy as an Independent Consultant. We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risk that the company faces.

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

Vishal Mehta: Thank you, Rajat. Good afternoon, everyone, and welcome to Infibeam Avenues Limited Q3 FY '25 Earnings Call. It is really a pleasure to connect with all of you and share our financial performance, key achievements and outlook for the future. I'm pleased to report that the third quarter of FY '25 has been a very strong quarter, reflecting our ability to capitalize on industry trends, deepen our market presence and drive sustainable growth. Our strategic focus on digital payments, AI-driven solutions and expansion into new markets continues to yield significant results for us.

We are in an operating environment where digital transactions, AI and fintech disruptions are redefining the way businesses and consumers interact. At Infibeam, leaders just don't adapt to these changes, we anticipate them, innovate ahead of the curve and drive towards achieving the results.

Let's begin with the key numbers for the quarter. I'm delighted to share that we have delivered an outstanding performance in third quarter of FY '25, achieving an 18% year-over-year growth in gross revenue. This reflects a very strong transaction volume and an increased adoption of our payment solutions. We received -- we achieved a 28% year-over-year increase in net revenues, and a 15% year-over-year rise in EBITDA and a 22% growth in PAT. This kind of reinforces our commitment to profitability and sustainable expansion as we demonstrate operational efficiencies and improve margins.

This quarter marked a significant milestone in our strategic evolution as we moved beyond the B2B payments and deepened our presence in the consumer payments and financial services space. Our acquisition of a controlling stake in Rediff has provided us with a powerful platform to accelerate this transition. With over 65 million monthly visitors, Rediff has given us direct access to a vast consumer base, opening new opportunities to cross-sell and scale financial products.

Leveraging this, we have applied to NPCI for a TPAP license under the RediffPay brand. And upon approval, we'll be able to offer UPI services to millions of users, bringing us into the heart of India's booming digital payment ecosystem. Rediff is a pivot for us to get into consumer payments. If we layer financial services on top of RediffPay, users may naturally want to adapt. Our vision is to provide seamless access to credit, wealth management, insurance and investment solutions, all under a single digital ecosystem for consumers.

Additionally, our Bharat Bill Payment operating unit license allows us to integrate bill payments with RediffPay, ensuring a steady revenue stream from every bill paid or mobile recharge made through the platform. With Rediff, the cost of acquiring customers can be significantly lowered as we can now monetize through multiple financial services from bill payments to insurance and cross-selling.

Beyond payments, we are also building RediffOne, an enterprise software suite designed for businesses and merchants. This all-in-one platform will be able to offer web-based ERP, CRM and HRM solutions, integrating seamlessly with CCAvenue merchants to drive operational efficiencies and digital transformation.

With over 10 million clients already using our digital payments in enterprise software platforms, our strategic expansion into consumer finance, UPI payments and enterprise solution is a natural progression. RediffPay and RediffOne are key pillars of this journey and setting the stage for a scalable, high-growth future. Further, we anticipate Rediff contributing to 2% to 4% of our revenue with the potential to grow to 10% in coming years.

Building on our success, I'm excited to outline the future road map for Phronetic AI or Nueromind, which is a legal entity that we have set up, where our focus will remain on pioneering innovation and developing cutting-edge technology. We see AI as a game changer in transforming businesses and enhancing user experience. Our dedicated AI business under a new subsidiary will advance multiple AI-driven innovation that will contribute to 5% to 10% of our net revenue within the coming 2 to 3 years.

Just to give you an update on some of our key AI developments. We have launched AI Facility Manager solution, which is designed for sectors like health care and retail gas distributions. These AI models optimize real-time monitoring, predictive maintenance and operational efficiencies. We build agent AI capabilities where we are building AI-powered digital assistance capable of handling software tools, automating tasks and improving enterprise productivity.

New human computer interfaces, which is upcoming trend in video integrated AI that will redefine digital interactions and it will more emerge the real-time engagement across customer service and many of the applications in fintech. And the same AI application will also be used in sports, where we are leveraging AI for sports analytics, AI-driven coaching and umpiring solutions, unlocking new possibilities in performance tracking and enhancement.

To support this AI expansion in broader digital transformation, we are also making a significant commitment to investing in data center infrastructure. As India's digital transformation accelerates, data storage and processing are becoming critical enablers of AI, cloud services and fintech innovations. Under our Infibeam Quantum Edge brand, we are establishing a network of localized small-scale data centers, starting with our first operational 2-megawatt data center facility.

And in the medium term, we'll plan to scale it to 10 megawatts with a long-term vision of reaching higher numbers. Unlike the large multi-gigawatt data centers pursued by global tech giants, our approach is to deploy multiple 1 to 2-megawatt data facilities, data center facilities across India, ensuring proximity to end users in compliance with India's data localization mandates.

This decentralized model is essential for mobile edge compute and AI processing, driving improvements in real-time data analytics and user experiences. It's also an enabler in boost fintech and e-commerce applications by reducing latency in digital payments and online transactions.

Furthermore, it supports regulatory compliance with Digital Personal Data Protection Act, which requires localized data storage. By establishing smaller data centers, we can meet the growing demand in Tier 2, Tier 3 cities where digital adoption is rapidly increasing. This initiative also strengthens India's transition towards a cashless economy while providing localized infrastructure to support the next phase of digital growth.

With India projected to become Asia's third largest cloud market, reaching $24.2 billion by 2028, this expansion positions us at the forefront of high-growth sector. Our investment strategy with a capex of INR20 crores to INR50 crores per megawatt, ensures cost efficiency, operational flexibility and scalable growth, enabling us to adapt to the evolving market demands.

With the convergence of FinTech, AI and cloud, we are building a foundation for a secure, high-performance digital ecosystem. This enables innovation while ensuring regulatory compliance and seamless scalability. Our approach is centered around fostering long-term value for capitalizing on the growth and emerging trends and technologies.

With strategic investments in areas like Rediff and AI, we are going to enhance our operational efficiency and expand our footprint in digital payments in fintech. This proactive strategy allows us to stay ahead of the market dynamics, ensure we drive innovation and deliver meaningful returns to our shareholders. Thank you. And now I'll hand over the call to Vishwas. Vishwas, all yours.

Vishwas Patel: Thanks, Vishal, and good afternoon to everyone on the call. In the third quarter, we have demonstrated unwavering resilience, innovation and market leadership. Despite upheavals in the competitive landscape, Infibeam Avenues through the strength of its business model continued to perform exceedingly well in its payment space. The Indian digital payment sector continues to experience robust growth with retail digital payments increasing approximately 100-fold over the last 12 years, from INR162 crore transactions in the financial year 2012-2013 to over INR16,416 crore transactions in '23-'24.

In 2025, the industry is projected to reach an overall transaction volume of over $1.89 billion -- trillion with annual growth rate of over 16% from 2025 to 2029, resulting in a projected total amount of $3.46 trillion by 2029. This favorable macro environment reinforces a strategic position as Infibeam Avenues is poised to capitalize on these opportunities with agility.

During this quarter, we reached significant milestones in our journey towards revolutionizing payment solutions. We are pleased to inform that Infibeam Avenues has received approval from key card networks for the state-of-the-art offline payment POS devices. This approval enables us to roll out the CCAvenue SoundBox Max our, a tap-to-pay POS device designed with simplicity, speed, security across retailers and brands and with the ability to accept all kinds of payment options, including credit cards, debit cards and of course, UPI with soundbox.

As the digital -- as the adoption of digital payments continues to rise, both online and offline, our payment solution addresses the growing demand for faster, more efficient transactions in retail environments. The sound -- CCAvenue SoundBox Max POS device offers contactless payments for quick and secure transactions even in areas with limited connectivity.

It offers reliability for merchants with this intuitive interface speeds up the checkout processes, reduces waste times and improves overall customer experience. Our device is active with the robust security features that meet global standards to protect customer data and transaction details, as well as dynamic QR code generation for real-time payment processing.

Additionally, it comes with the integrated soundbox and multilingual that provides instant audio confirmation for successful transactions, offering real-time updates and enhancing operational efficiency. This approval is a significant step forward for us as we continue to redefine payment ecosystem by providing innovative, secure solutions, we are empowering retailers and brands with the tools to elevate customer experience and boost operational efficiency.

We have worked closely with thousands of merchants over the past few months to ensure smooth integration and training ensuring a seamless transition as we deploy our CCAvenue SoundBox Max devices across a wide network of retail stores and partner brands.

Another significant development this quarter is the successful integration of the CCAvenue Payment Gateway, the Bassein Catholic Co-Operative Bank. This partnership brings BCCB's Internet banking facility into the CCAvenue payment network, offering millions of merchants on our platform the opportunity to use this valuable payment option driving substantial business growth.

The integration of BCCB's net banking mode allows the Avast customer base to process every payment via debit card and net banking, while shopping on hundreds -- thousands of CCAvenue powered website. This addition further strengthens our position in the market as the largest direct debit engine as CCAvenue currently processes transactions of more than 60 leading banks across the India.

We are excited about the opportunities this collaboration presents as it will provide lacks of CCAvenue merchants with direct access to BCCB's rapidly growing customer base, offering them and even greater potential for growth and success.

On the operational front, during Q3, we onboarded approximately 1.8 lakh new merchants, expanding our network across industries and geographies. That is 2,000 merchants a day, fully KYC. This growth reflects our commitment to providing accessible and efficient payment solutions. Our net payment take rate increased to 11.1 basis points, enhancing our profitability this quarter.

Our BillAvenue platform for the -- under the Bharat Bill Payment Systems processed a record 7.7 crores transactions of a total valuing around INR1,400 crores during the 9-month period of FY '25, highlighting its relevance in the overall digital payment sector. Through ResAvenue, our hospitality-specific platform, we enabled our hotel clients to book over 5.78 lakh room nights in 90 days, driving a transaction value suppressing INR528 crores.

To further support the hospitality sector, we are offering advanced product solutions by developing AI-powered revenue management solutions. These tools are designed to help our hotels optimize their revenue stream and improve operational efficiency as well as the average room rate and occupancy. This initiative reflects our ongoing commitment to provide hoteliers with innovative technology-driven solutions to stay ahead in a competitive market.

Our focus extends beyond immediate profitability. We are committed to ensuring long-term success of Infibeam Avenues. By strengthening our core capabilities, we are strategically positioned to harness the vast opportunities with India's rapid growing digital economy. The path ahead is one of sustainable growth and innovation, and it's truly motivating to see our team's unwavering commitment to driving this vision forward.

Also, as part of our ongoing efforts to enhance customer experience and expand our global reach, we have introduced multiple new payment options in the UAE market. We have successfully enabled Tamara BNPL, that is Buy Now, Pay Later and signed an agreement with BNPL set to go live soon. These 2 are the biggest Buy Now, Pay Later in the GCC market.

Additionally, we also launched Google Pay offering a faster and more secure checkout experience for our UAE merchants. These initiatives strengthened the payment ecosystem driving higher conversion rates and improving accessibility for a broader customer base. This quarter, we also made significant strides in the GCC markets and merchant acquisitions, onboarding several renowned names across key sectors.

The government and free zones of Sharjah Media City Free Zone and Meydan Free Zone; automotive and real estate in Gargash Motors and Vanchura Real Estate; education and lifestyle in Emirates Driving Institute, Sharjah Golf & Shooting Club; property developments, Union properties, in addition to our earlier property companies that we have like Emaar, DAMAC, Nakheel already on our platform.

Furthermore, our KSA market expansion continues to grow momentum with payment processing now live in Saudi Arabia -- Kingdom of Saudi Arabia for VFS, Saudi Mission which has 14 new projects under it, the Nissan Automobile Company, the Infiniti Motor Company in Saudi Arabia. These strategic initiatives reinforce our market leadership and position us for sustained growth in the coming quarters.

With that, I'll now hand it over to you to Mr. Sunil Bhagat, our CFO, to provide insights into the quarter's financial performance. Sunil, over to you.

Sunil Bhagat: Thank you, Vishwas sir. Good evening, everyone. In the third quarter of FY '25, we achieved a significant progress in our financial performance, driven by a disciplined approach to execution and a sharp focus on the profitability. For quarter 3, our gross revenues saw an impressive growth increasing from INR907 crores in quarter 3 FY '24 to INR1,070 crores in quarter 3 FY '25. This is reflecting a strong upward trajectory.

Our net revenue also showed a notable year-over-year increase of 28%, rising from INR109 crores to INR140 crores. Our net take rate surpassed expectations, rising from 8.4 basis points in quarter 3 FY '24 to 11.1 basis points in quarter 3 FY '25, marking a 32% improvement. This positive trend in take rate has been a key driver behind the growth in our net revenue, EBITDA and PAT.

Our EBITDA saw a robust growth of 15%, reaching INR78 crores in quarter 3 FY '25, up from INR68 crores in the same period last year, with an EBITDA margin of 56% as a percentage of net revenue. Our PAT stood at INR54 crores, reflecting a year-over-year growth of 22%, further validating the effectiveness of our profitability-focused initiatives.

Looking ahead, we remain committed to maintaining our focus on sustainable, profitable growth and creating long-term value for our stakeholders. With this, I would like to hand over the call to moderator to open the floor for question and answers. Thank you.

Moderator: The first question is from the line of Divya Kothari from Ventura Securities.

Divya Kothari: Sir, given the large audience you have due to Rediff, but it is not necessary the tech-savvy audience you have. But how will you convert that audience into your financial services customers?

Vishal Mehta: Yes. So if I understand the question, the question is about the audience and the relevance of the audience to make financial transactions. The good thing is that you have a lot of daily active, unique users coming to Rediff in millions, and if you look at Rediff after millions of downloads as of today as well. So a lot of customers are using Rediffmail app. And I think there is a mechanism to build out the super app on the same app.

And so the approach would potentially be that we would be migrating customers to a super app that also hand out payments and other financial services. So that's as far as being able to make it seamless for the customer who is coming to Rediff on a daily basis to transact. And while I think we are awaiting certain licenses that are required for the same given that it becomes a financial services transaction, the good thing is that even for enterprise e-mails and regular e-mails, it's very important that safety security comes first.

So this is highly secured application that enables people to actually communicate with each other. And so I think while maintaining that level of standard in safety, we will be adding many more layers to be able to enable the same consumer to do financial transactions. And so I think the good thing about the whole activity is that we'll experiment a little bit. But the thing is that we have a user coming in every day.

And we don't need to actually burn the kind of capital that maybe you would have to get the consumer back on to the application because it's a communication app. So whatever we have built out will be around the pillars of mails and being able to enable the same consumer to transact on multiple payment financial services -- payments and financial services, and that would be our goal.

Divya Kothari: So I had one more question. Sir, the growing demand for Buy Now, Pay Later solution in Saudi Arabia. Sir, are you assuring to like deeper integrate with established players? Or do you like plan on building something of your own?

Vishwas Patel: Vishwas here. So look, CCAvenue as a payment platform is neutral to any kind of payment options that are there in the market, right? So we integrate not only all the credit cards that are there or debit cards or the local payment options in GCC like Mada and other things. But any kind of Buy Now, Pay Later options which are very prevalent in those markets, we do integrate as a payment option.

So our whole model is to give all possible payment options to our merchants so that they can collect the money and we make money on every transaction that we process, be it through credit, debit or Buy Now, Pay Later. There's a percentage of the MDR that comes to us that we make our money on. So that is the whole idea is to be very neutral and integrate all kind of payment options that are there in the market.

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

Grishma Shah: I have a couple of questions. I wanted to understand the implications of the government reducing the UPI incentives for the payments ecosystem, so if you could share your thoughts on the same?

Vishwas Patel: Are you alluding to the budget announcements of opening these financial centers that government is trying to promote or, I didn't get the context of the question.

Grishma Shah: Alluding to the UPI incentives, which is budgeted in the last -- this latest union budget, which has come down from INR2,000 crores to INR437 crores for this financial year, FY '26?

Vishwas Patel: Sure. Right now, from our perspective, as far as UPI, we are still offering a zero MDR and it's a very -- this thing. So we have not budgeted any income from UPI for the last 2 calendar years, right? And as far as the budgeting of the government is concerned, what the budget and the budget as -- and what they finally rolled out is a totally different figure.

It's from my experience from last year when the budgeted was something close to around, I think, INR1,200 crores, but the final disbursal went well over INR2,500 crores, that was then in March of 2024 to the ecosystem players.

Grishma Shah: Okay. And what's the time line that you have in your mind while you are rolling out the TPAP? We have applied for the TPAP license. So once you get it, how do you -- how quickly will you be able to roll this out?

Vishwas Patel: See, I think from an implementation perspective, we have to follow the regulatory standards to ensure that we get the approval. Sometimes the approval is quicker, sometimes it takes a few weeks. But we expect that we'll be able to roll out this quarter.

Grishma Shah: Okay. And what are your thoughts on the take rates given that the competition has in general increased in the digital payment industry? So your take rates have improved significantly. How do you see this going ahead? And I believe it is only because of the merchant transactions. So if we could through some light on the GMV mix as well?

Vishwas Patel: So transactions are -- yes, Vishal, take this.

Vishal Mehta: Yes. See basically, the way we see this is there are a lot of downward pressure because of competition, as you just mentioned, because it's a very competitive industry. And so there will be pressures on margins, downward pressures in margins. On the other hand, there are many initiatives that we have undertaken that actually help us in terms of expanding the margins as well. And that's how we've actually achieved from a single-digit take rate to a double-digit take rate.

So things like being able to work on express settlement, which enables us to get better yields which is rather than doing a T+2 settlement, we try to settle the same day. Second is we introduced SoundBox, which is offloading point-of-sale device, the MDS and the rates that you get in the offline point of sale is rates are much better because there is card which is present as opposed to online transactions where card is not present.

So while this is a very new initiative from us, but we've integrated our entire capabilities of tapping as well as the whole infrastructure as a firmware that enables us to actually drive such transactions. And this is an area that we have not entered before in the past. So we are actually already deploying tens of thousands of devices in the market in terms of being able to drive adoption in the offline business. Because as of now, most of the transactions that we do, almost all of the transactions are online transactions in India. So I think that is another one.

And the third thing is that we are adding a lot of merchant base, you see small merchants. Because I think for the long -- the opportunities is the long tail. So if we actually pick up, if you look at the top 10 processing transactions in the country, then you may see Amazon or Flipkart, they don't use CCAvenue, even many of the quick commerce players. So what we need to do is go after the long tail, which has been our underlying thesis. So while we will not ignore the large, medium and the large merchants, we think that going across and play in that field will potentially give us much better results.

Grishma Shah: And I'm just shifting the markets from India to UAE. Curious to know how do the economics for this BNPL and introducing GPay work there? And -- I mean, I'm understanding that we have a payment gateway solution, but we don't have a consumer, and that's why you are supporting GPay. So if you could give help me understand this a little better?

Vishwas Patel: Okay. I'll take that, Vishal. So basically, historically, the UAE has always given us more than double the take rate that we enjoy here in India. We were first movers there, and we have significant market share in terms of all the big merchants to small merchants there, right? And market is limited to around, I would say, 1 crore people, max at -- in UAE, right? So providing solutions and platforms and building that stickiness is a model more so.

Doing consumer wallets and other things in a small market does not make economic sense for us, right, and other things. So our focus has always been payments and platforms. So we are continuously introducing platforms in front of payments so that there is more stickiness from the markets when they can go live very easily by utilizing our platforms with built-in payments. It enhances stickiness for us because any new competitor giving a Vanilla payment, they cannot enter.

And it gives us enhanced margins over the period because we charge for both the platforms and the payments towards the teams and everything. So that's why if you see in the UAE market, like all the 27 Hiltons and UAE are using it or maintenance collection of all properties of the Damac, Nakheel, Emaar, all those bigger are there with us. And those are recurring and good margins. So that's the whole model for a retail consumer play there. For us, it does not make sense.

Moderator: The next question is from the line of Garvita from Seven Islands PMS.

Garvita: Sir, my question is you have recently launched a payment processing for VFS, Nissan and Infiniti in Saudi Arabia, right? So I wanted to ask what's the revenue potential of this partnerships? And do you have a pipeline for expanding to other enterprise clients as well?

Vishwas Patel: So thanks for your question. Saudi Arabia is a very key market for growth over the next half a quarter -- half a decade, for the next 6 years or 5 years or so because there are tremendous changes happening there right now. So with a population of more than 3.4 crores there, right, and one of the wealthiest market with good smartphone and Internet penetration, digital payments is waiting to happen. So hence, we've taken steps. We have taken the license, the PTSP license there from SAMA, which is a Saudi Arabian Monetary Authority, and we've launched there.

VFS and these are some of the few merchants that are there, the entire Saudi mission for VFS that includes the NEOM project and other projects. So payment processing for all those projects will go through the ccavenue.sa, that is a Saudi Arabian instance that we have locally deployed there with data localization within that jurisdiction because of the changing rules there. So we are looking aggressively investing in Saudi for the next this thing to capture a significant share of the digital payments market.

So Saudi, yes, that's the focus. UAE, we have already done. We are also present in Oman where 3 of the top Omani banks like Bank Muscat, Bank Dhofar, Bank Sohar are already utilizing our systems as a TSP. And I think with that, India and GCC markets are pretty much covered by us. And post that, once we have successfully finished off all these, then we will think of more expansions in Australia and U.S. that we already announced.

Garvita: Sir, could you give the number of the revenue share from this market?

Vishwas Patel: Right now, Saudi has just started. So it's not accounted in this current quarter. But going forward, it should significantly contribute.

Garvita: Any number guidance?

Vishwas Patel: Guidance, I can't say. Vishal?

Vishal Mehta: I think we've already communicated. We think that international in the next 2 years should account for 20% to 25% of the overall revenue. We are focused on international growth, and we see a lot of potential there.

Garvita: Okay. Got it. And sir, who are the other players in the pipeline or the other clients in the pipeline, if there are any?

Vishal Mehta: We don't specifically talk about clients. I think we do have a healthy pipeline. If you look at -- even in India, we've added more than 100,000 merchants in the last quarter. So I think if you look at that, it's more than what perhaps the whole market in Middle East would hold. Having said that, I think what we believe in is that as far as the clients are concerned, we think we should go after the longer tail and not just -- I mean, of course, we would love to have the very large clients who process a lot of volume.

But we typically realized that take rates are somewhat highly competitive and it's very hard to be able to negotiate that hard. So we think that we are going to go after the tail and we find out the right opportunities. There are certain payment options that we would like to work with as far as large merchants are concerned.

And those opportunities are opening up for us. We believe that we can -- we don't believe in replacing, but we may actually be more of an addition to the existing portfolio of a large merchant who is utilizing other payment options or payment gateways.

Garvita: Got it. One more question I have, sir. Beyond UPI, what are the most promising monetization levels for RediffPay? And are you targeting lending, embedded finance or wealth management as your primary revenue driver?

Vishal Mehta: The answer to the last question is, yes, we are targeting other revenue drivers as well. You see the main revenue driver for Rediff right now is mails and ads. So in other words, you have tens of millions of users coming in. It's one of the top 1,000 sites in the world in terms of traffic and top 100 site in India in terms of traffic. So I think from a traffic perspective, ads are obviously a monetization opportunity. And then e-mails because Rediff provides enterprise e-mails to large companies.

Much like you would use Google and Outlook and others, Rediff Enterprise e-mails are also a large revenue driver for the company. So -- and on the consumer side, Rediff offers free e-mail. And there are millions of daily active free e-mail users coming to Rediff e-mail app, which is where we talked about upgrading the app to enable the user to also make payments. So we think that from a revenue driver perspective, payments is going to be important. We will be able to offer other bill payment solutions and others also, the users of Reddiff.

And then we would like to offer and cross-sell other financial services. We have a lot of information about the profiling of the customer. So in other words, based on so much more than a decade of data, we think that there's a lot of interesting opportunities to be able to offer users what they really want. So I think we'll have to go through a little bit of experimentation there, but pretty certain that we'll be able to offer the right kind of solutioning and offer the opportunities to cross-sell specific products.

So yes, we are getting into offering insurance lending and other things to consumers in Rediff.

Moderator: The next question is from the line of Ayan Shah from A. Shah & Co.

Ayan Shah: Congratulations on the very decent set of numbers. The first question is -- I have 2 questions. Like every fintech and enterprise SaaS player is integrating AI nowadays. Now what specific capabilities in Phronetic AI that will give Infibeam a sustainable competitive advantage? And can you quantify the AI-driven revenue opportunities over the next 3 years?

Vishal Mehta: Sure. So basically, there's a lot of, of course, information out there about what AI will do and the capabilities of disruption that are out there with even the recent launch of DeepSeek and many others. But you see what we are focused as a company on is a specific vertical and an opportunity within AI, which is called video LLM, video large language model. And video large language models have a lot of opportunity because it's visual.

And when you do visual AI and combine it with specifically doing tasks that humans do, it may be as simple a task as being able to look at security footage and being able to do exactly what a security individual would be ending up doing and being a second opinion to them, or it may be to be able to create an agent that does customer service or create an agent that does even search engine optimization, all of that perhaps work in this framework. So we already created a few agents. And what that typically does is it automates the productivity.

So generally, when you want to run a campaign for a company, they have to plan for the inbound. So they have to hire people, they have to train them and then they have to perhaps look at running a campaign. Now with this VLM and Agentic AI, you can actually automate quite a bit. So what would take typically 3 months before you launch a campaign, you can do it in 3 days. So the number of people who can do experiments with these things and be able to reduce the lead time that it takes to be prepared for an event, that changes everything.

And so we've already started giving out our VLLMs with Agentic AI to specific large multinational companies internationally. Currently, it's a very small portion of our revenues. We think the potential is very large there. And so we expect that as far as the net revenue is concerned, depending upon -- see this is an evolving field, a very disruptive field. So -- but I think that it has a lot of future to be able to ensure that we can monetize on this.

And second is that our position of creating smaller data centers actually gels very well with the low resource models, much like what DeepSeek has introduced, the low resource models that potentially get established. So I think with whatever we are doing in terms of the revenue opportunity in the next 3 years, we think -- we personally think data center and AI will go hand in hand.

Whatever we are going to do in data center and whatever we'll do in terms of advancements of AI, AI will be the biggest consumer of our data centers. And we expect that it should reach a high single-digit percentage of the revenue in the next 3 years, talking about the net revenue of ours.

Ayan Shah: That's decent. And my another question is like -- and I think you have given some answer to that, but like other media platforms have struggled with the monetization, which you are now transferring Rediff into this fintech platform. Now what gives you confidence that this transition will succeed where others have failed? And how do you plan to drive consumer engagement beyond just the UPI payments?

Vishal Mehta: I think it's a very competitive world out here and a lot competitive in India as far as UPI is concerned. Most of the stacks that you read the top 3 players, I mean, if you think of Google and PhonePay, they control huge portions of the market, and then you will see Paytm as a third player in this. Now see, 2 things that have happened. First is that UPI is the invention of the India stack. But a lot of multinational companies, they have been able to take advantage of the stack.

So rightfully, the government has announced and NPC has also announced that we want to limit the percentage that one particular company would perhaps take in terms of market segment share. And that number was 30%. It has been extended now by a year. But there is always going to be a regulatory requirement of going into lower and lower thresholds for one player to be able to dominate this industry. And so I feel that there will be a lot more opportunities for other players to participate, one.

Second is that in terms of certain areas of data localization, I think with whatever is happening in macroeconomics, there is going to be more and more requirements for localization, which perhaps many other companies may also be able to achieve. And then the third thing is that I think we need to build out an ecosystem. We already have an ecosystem of CCAvenue merchants with us. And so given the large ecosystem, we believe that there will be many, many more opportunities that we will hold in terms of ecosystem that maybe others do not have.

But as far as consumer payments are concerned, it is a very competitive space and UPI is 0 MDR anyway. So we believe that we just need to get more consumer engagement. And given that we already have so many merchants, if we integrate RediffPay into all CCAvenue implementation across all the merchants online, in a single stroke, RediffPay will get more than a few million merchants. So we believe that there will be opportunities.

Today, UPI is a very small single-digit percentage of the transactions on CCAvenue. But for RediffPay, it may be relevant. So I think we need to play in the ecosystem that we have established and build out competitive advantages that enable us to do things that others may find difficult to do.

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

Rahul Jain: So just 2 questions from my side. Firstly, on the TPAP time line, is there a way to look into it? How long typically one should be taking to get into that zone? Or you think it is very difficult to draw a time line on that? And secondly, on the data center business that you spoke about, it will be great if you could kind of understand that how the unit economics would work in terms of what is the investment that would go?

How many typical number of clients such a center would be able to host? How the commercialization would work? How the 2, 3, 4-year ROC may look like for such a business? So I think that you will be of great help?

Vishal Mehta: Rahul, can you repeat the first part of the question?

Rahul Jain: I think we were saying that we wanted to apply for TPAP license. So any time line that we could envisage on that?

Vishal Mehta: Vishwas, do you want to take the first question? I'll take the second one.

Vishwas Patel: Okay, sure. So the TPAP license is already applied for and the process is with NPCI and RBI. From what we understand, one part is cleared. The other part of formality approval should come maybe in the next 3 or 4 weeks. Post that, anyway, we already -- Vishal already said that we will be launching RediffPay by the end of this quarter. So all works is going on, and that is it. Vishal, on the second part of the question?

Vishal Mehta: Yes. So Rahul, on the second question, you wanted to understand the unit economics and how data center business we expect it to work. See, we already have a 2-megawatt data center today. And generally speaking, you can assume that there'd be about -- close to about 100 racks, 100 to 200-rack capacity. And the capex is -- this is commoditized -- data center business is somewhat commoditized. So in other words, you can think of it in terms of completely built out data center that you can actually establish and launch in less than a few months.

So I think that building out data center is not as much of a challenge. There's IT and non-IT part in it and many people and many companies have come up with data center in a box. So I think that in some ways, that is also somewhat an established principle. But -- and rack can be anywhere from a 3 kV to a 33 kV, it doesn't matter. The point is that what we establish is inference models.

Rather than getting it into a structure, you think about it in terms of logistics. So if you're able to solve last mile logistics, then you would need to use the mothership to actually transport packets from one location to another. Similarly, our thesis is that we'll want to establish multiple small data centers and that small data centers will somewhat piggyback on the larger gigawatt data centers if someone should want to use larger capacities.

So our perspective in this is that if we are able to establish multiple small data centers, then there is an opportunity. The good thing about this is that with VLLMs, video LLMs and AI-driven solutions that we are working on, that there will be clients who would want to have that data processed and should they not want to invest in such hardware because fundamentally, many of these models, they're getting low resource, they would want to have reduced latency and you want to do it on a real-time basis.

So you would want to have an install capacity closest to you. And there will be certain applications that would definitely require it more than others. So historically, such opportunities were used for by cashing networks. In other words, things like -- companies like Akamai and others and in certain cases, even telcos.

So rather than just going and setting up data centers which are nothing else but co-location and selling bare steel, we are interested in clients who will want to utilize our framework. And so while we are not happy to be able to build out capacity, so I think the forward investment we make is not a huge one and the ROI on such opportunities is less than 24 months. So I think we can track our investments, we can drive adoption, and we'll be able to maintain the investment and be able to come out of it very quickly.

So my expectation is that in terms of capacity, a client can use -- and given the number of installs and number of opportunities that are coming out there, my expectation is that we may want to first test this network and thesis to make sure that it works and that's why we are going after the 10-megawatt capacity and then be able to -- but like I said, the ROI is actually less than 24 months as per our calculations because we are not just doing co-lo or selling bare steel, we're actually selling our framework.

Our AI framework and many other frameworks and all of this. And we'll provide it to clients, and we already have a few clients lined up who want to utilize this capacity. So somewhere we already have the demand before we actually establish a location, if that makes sense to you.

Rahul Jain: Right, right. So just to reinsure, when you say 2-year ROI, you're saying the profits on a 2-year basis on a fully blended services basis could pay back for the capex that is involved. That is what you're trying to...

Vishal Mehta: That is true.

Rahul Jain: Right. And since you're saying that there is -- we would kind of test and move forward. So is there a dedicated capex that we have in our mind for FY '26, CY '25 or it would evolve in the coming period?

Vishal Mehta: We have -- and I'll be able to share more with you next quarter. We already have budgeted for next year. There is no additional capex for this year. But for next year, we will have budgeted a capex for this and currently, it's evolving. So definitely, we'll come back to you on this.

Moderator: The next question is from the line of Satyam Badera from Profit Mart Securities.

Satyam Badera: Congratulations on good set of numbers. I have a couple of questions. The EBITDA margins have shown some compression. What specific cost factors are weighing on the margins? And how do you plan to mitigate these pressures?

Vishal Mehta: I think there's a little bit of customer acquisition here that is in play. We want to go after the larger breadth of customers. And we are also forward investing in our AI initiatives. So starting maybe this quarter onwards, we've established a separate subsidiary company for our AI efforts, and we'll be able to share. Second is that we've also merged Rediff for the first time in our financials. While it doesn't have a huge impact, the impact is in terms of revenues, it's less than 1%, but it does have certain expenses.

And so you would see that we would have added bandwidth costs and certain other expenses, you're talking about petabytes of data that come in on a daily basis and there are so many free e-mail users. So -- I think in terms of overall, I think data is oil for us. I think it's fairly large. So maybe some of that has contributed a little bit to our EBITDA margin.

Satyam Badera: Okay. Okay. And my other question is, how is the adoption of CCAvenue SoundBox progressing? And how does it compare to the other competitors like Paytm and PineLabs? Also with 8% market share in India's digital payment, what specific strategies are we placed to expand share, especially in Razorpay, PayU and BillDesk?

Vishwas Patel: Okay. I'll take that. So the instrument that we are offering right now is quite different from the normal just either a static QR that is published on a sticker and kept or a simple QR with a soundbox that is there in the market. Our box is in the same price range, but it can also do credit cards, debit cards, RuPay debit cards, EMI and lot of other things along with the static QR, it also has dynamic QR that can be generated, specifically where there is a language issue. So say if someone has to pay INR176.45, right, and instead of telling him in the local language to do it.

Here, you can generate a dynamic QR by punching in through the buttons and a QR of that amount is generated. So that also helps a lot. And it also works with a lot of ERP systems where a specific bill amount and that specific QR is generated. So that's the big differentiator that we have that we are trying to upgrade the market with the brand-new, newer devices. The additional thing also being that our thing is the omnichannel app.

So the CCAvenue M.A.R.S app that the merchants will use will not only show transactions and reconciliation and reports of their offline shop transactions, it will also include their online website transactions, their in-app transactions on Android, iOS, transactions coming in through there, transactions coming through SNIF, that is the social network instant payments. So any transactions done on Insta or Facebook or Twitter is also displayed there in the different formats.

So on top of it, many other features. So it's India's truly and most unique omnichannel app with all the kinds of features, bells and whistles where you have one single app to track transactions across multiple platforms where you're getting your transactions. It also has TapPay, which is like India's one and only where within the app also, if you don't have the POS terminal somewhere and you want to collect it, you can just tap the credit card, debit card on your phone and accept the payments.

So it's a unique tool. It's like the world's most advanced omnichannel app that we are launching. And the uptick has been brilliant. Like you have seen like when we are onboarding 1,80,000 merchants plus fully KYC in a span of 90 days, right? So the long tail and everything is happening. So those will continue to grow both because a merchant is getting all-in-one solution through this. There's almost IVR processing and other things also.

So all those things merge into this becomes a very compelling solution for the merchants to take it. So that's how we are deploying, and it's growing fast. We hope to expedite from 2,000 merchants a day to even more so with our aggressive marketing in the coming quarter.

Moderator: The next question is from the line of Prerak Gandhi from Neumerc Research Lab.

Prerak Gandhi: Sir, just a couple of questions. First was that where are we on the expansion front with respect to U.S.A. and Australia? And how do we see the growth there since in the initial phase, the margins will be very sticky. So where are we with respect to that?

Vishal Mehta: So as I earlier said, right now, the focus since offline has opened up a huge opportunity here in India, we are yet to fully exploit it. So all focus efforts are here. Second thing, we have also opened up the Saudi Arabia market, right? So there, we are just starting off. It's some of the key merchants already going live, lots of airlines and lot of other merchants are in the pipeline.

And Saudi Arabia also from location perspective, it's just not Riyadh and we are done, like we have to go to Alcubierre, we have to go to Jeddah and many other places interior to really capture the market. So it's no use trying to unnecessarily expand the market till we have truly entrenched and monetized on the current opportunities that we have already opened up.

So as we said, the CCAvenue bit, offline bit in India, in UAE, in KSA, the TSP agreements in Oman, plus also our Bill Payment platform, our ResAvenue hospitality platform -- as well as our ResAvenue platform plus our AI and lot of other things, I think we have our hands full. And we typically like to focus and monetize on what we have in our space and then geographically grow when we have a little comfort that this is on autopilot mode.

Prerak Gandhi: And sir, we have been mentioning in the past con calls as well that for AI -- with respect to AI, there have been AI-driven coaching and umpiring solutions and different things with respect to that. So where do we stand on that? How do we see that particular market growing? Are we capturing some major customers with respect to that? Or are we on pro-credit mode? Where do we stand with respect to that?

Vishal Mehta: Sorry, you're a little quick. Can you repeat the question, please?

Prerak Gandhi: Yes, sir. In the past con calls, we have been mentioning AI-driven coaching and umpiring solutions and different things with respect to that. So where do we stand on that? How do we see this particular AI sector growing with respect to Infibeam Avenues?

Vishal Mehta: See, I think a lot of that becomes Agentic AI. So in other words -- I mean, I'm sure that you must have read a lot about that because there's a lot of information and news around it. But a lot of this is in some ways in a pilot mode. So what we need to do is we didn't need to run pilots. There are certain areas like gas stations and others where we have created AI agents that actually end up doing -- because it's all about making sure that we get the right amount of accuracy. And that has actually worked out very well.

So on a particular skill, you need to train the agent. And once the agent is trained for the skill, then you can deploy that agent across. Similar to how we think about humans, where if you want to train a human for customer service skill, you would want to train the person and then the person gets deployed. Similarly, agents work similar in that way. And so we are building out agents and we are integrating a lot with gas stations and others.

And we work backwards from the client. So whatever the client requires, we actually enable that and we build out more and more skills within the agent so that they're able to solve problems for the client. So the umpiring and many others that you think in sports and many other verticals that we talk about, I think all of that is, you can say, in a pilot mode. And once we are able to get certain amount of efficiency we'll able to pick it up, yes.

Moderator: Mr. Gandhi, does that answer your question? As there's no response, we'll move on to the next question. It's from the line of Ayushi, an Individual Investor.

Ayushi: Congratulations on a set of numbers. My first question was that if we exclude the mark-to-market gains for the past 3 quarters, there has been no effective growth in PAT. Q1 was at INR50.40 crores, Q2 was at INR55 crores and Q3 was at INR54 crores. So how would you justify this? And what measures are being taken to address this? And could this be a factor affecting the company's recognition in the market?

Vishal Mehta: See, typically, we don't optimize for PAT. As a company, we are actually focused on -- there is definitely a growth in the operating cost. So as we build up and scale up and we are -- some of the initiatives that we take up, they are forward loaded in terms of cost. So in some ways, we are comfortable in terms of -- because front-loaded costs will only allow us to scale up. And we are comfortable with that approach that we need to actually front-load the costs and we'll forward in that. And so we have never thought of optimizing for profits.

We are really focused on cash flows, we are focused on growth, and we want to make sure that we are building up for the long term. So I mean, to answer your question, I think, yes, we have front-loaded a lot of our costs. And some of these initiatives, they are new initiatives. For instance, AI is a very new initiative. And I think we believe that if we continue investing in those areas, then we can perhaps build out a much larger enterprise in the long term. So I think as a company, we'll just focus on growth and cash flows, if that makes sense.

I think a lot of things that we do will translate into PAT, and we'll forward invest into places that potentially makes sense. You also will realize that there are certain onetime costs for us in this year. So there are certain legal costs for demergers. There are certain advertising and bandwidth charges that we have started incurring because of the recent acquiring of Reddiff. So you will see certain costs that come in.

And obviously, for people because a lot of our business is people driven, so I think those are the ones that will potentially -- you will see that they will create a impact to profit after tax. But yes, we are not optimizing for PAT, if that hopefully answers that question.

Ayushi: Right, sir. But then I do understand what you're trying to say, but then we also keep mentioning that we are increasing the number of merchants onboarded. But if you look at the CCAvenue payments TPV, it has actually decreased. So are we actually losing market share to our competitors like Razorpay because the numbers that they report for their TPV continuously keeps increasing and ours is pretty much in line all 3 quarters along, and we probably will end up at similar levels to FY '24? So are we losing market share currently?

Vishal Mehta: No, I think we've seen -- of course, there's going to be downward pressure because payments is a very competitive industry. And if you look at -- in terms of how we look at international growth, and if you look at Slide 8 of our presentation, you would see that there's a slight decline quarter-over-quarter in terms of the TPV. So I think that it's a function of the payment mix, the payment type because what tends to happen is that in some ways, we actually compete with other payment options.

And we are comfortable talking to our merchants and allowing them to transact on certain payment options to us because in festival season, people offer and competing companies would offer huge amounts of discounts to be able to garner TPV. So we are not going and saying we'll optimize on TPV. We want to optimize on cash flows. And in certain cases, we make certain calls that potentially is in the interest of our merchants.

It may or may not help us. Of course, it helps us in the long term. But in the interest of merchants, we make certain calls. So I don't think that we would categorize as losing market segment share, but it is -- to actually make sure that we are doing well in a very competitive market. And it enables us to, in some ways, make sure that we become more and more relevant.

We know we are definitely sticky. And then we also need to retain certain customers. So losing market share is all about losing customers. So we don't have that as a problem as of today. But that doesn't mean that we are not conscious of it. So we need to continuously figure out how to retain our customers and grow the base. And once the customers are added, they don't typically give us revenues on day 1.

There's a latency in terms of how the growth also shows up. So while we have a lot of data science around it in terms of what to expect, but like I said, I think that we need to continuously increase the pace. And hopefully, similar to how employees perform, employees when they join you, they don't perform on day 1, they perform maybe with some amount of latency. So we also have a similar thing.

And then we are focused on somewhat working with MSMEs in India. So I think, yes, it somewhat is a general answer, but hopefully, that's the best I can provide to you right now.

Ayushi: Right, sir. Okay. And sir, which segment is driving growth within the e-commerce platform business because we are recognizing GeM TPV, but we're not recognizing revenues from GeM. So what exactly is driving the e-commerce platform business?

Vishal Mehta: See, this is an e-commerce software platform business that we give to many companies. And you know that we have in the past announced certain large clients. So we are continuously evolving. It's a framework -- platform framework that provides us the revenues.

Ayushi: Right. And sir, there's no update about the UPI dues from banks, right?

Vishal Mehta: There's no update on, sorry?

Ayushi: The UPI dues that we have to receive from the banks about...

Vishal Mehta: No, there's no update so far. Vishwas, anything that you have to say?

Vishwas Patel: Yes, yes, yes. So basically, last -- from April of 2024, there's no update from the government on the UPI dues that are there. We are in any way not claimed any UPI dues for the last 2 calendar years.

Moderator: Ladies and gentlemen, due to time constraint, this was the last question for today's conference call. I now hand the conference over to the management for their closing comments.

Vishal Mehta: Thank you all for joining our call, and we look forward to keeping you updated on the latest and the most recent developments in the company. Thanks all.

Vishwas Patel: Thank you all.

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