



“Infibeam Avenues Limited
Q1 FY2019 Earnings Conference Call”

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ANALYST: MR. DHAVAN SHAH – RESEARCH ANALYST - KR CHOKSEY SHARE AND SECURITIES PRIVATE LIMITED

MANAGEMENT: MR. VISHAL MEHTA – MANAGING DIRECTOR – INFIBEAM AVENUES LIMITED
MR. HIREN PADHYA – CHIEF FINANCIAL OFFICER – INFIBEAM AVENUES LIMITED
MR. VISHWAS PATEL – DIRECTOR – INFIBEAM AVENUES LIMITED
MR. JASON KOTHARI – PRESIDENT - INFIBEAM AVENUES LIMITED

Moderator:

Ladies and gentlemen good day and welcome to the Infibeam Avenues Limited earnings conference call for first quarter of FY2019, hosted by KR Choksey Shares and Securities Private Limited. This conference call may contain certain forward-looking statements about the company, which are based on the belief, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note, that this conference is being recorded. I now hand the conference over to Mr. Dhavan Shah – Research Analyst, KR Choksey Shares and Securities. Thank you and over to you Sir!

Dhavan Shah:

Thank you Ali. Good afternoon everyone. On behalf of KR Choksey Shares and Securities Private Limited, we welcome you all to the Q1 FY2019 earnings conference call of Infibeam Avenues Limited. I take this opportunity to welcome the management of Infibeam Avenues Limited represented by Mr. Vishal Mehta, Managing Director, Mr. Hiren Padhya, Chief Financial Officer, Mr. Vishwas Patel, Director and Mr. Jason Kothari, President of the company.

We will now begin the call with the brief overview about the company by the management followed by the question and answer session. I now hand over the call to Mr. Vishal Mehta for his opening remarks. Thank you and over to you Sir!

Vishal Mehta:

Thank you very much. Good evening to everyone. On behalf of the management of Infibeam, I would like to welcome all of you to our First Quarter FY2019 Earnings Call.

On August 14, 2018 our Board of Directors has adopted the results for the first quarter of 2019. The results have been uploaded, along with the press release and presentation, on the stock exchanges and also on our website. I trust you had a chance to go through the same.

With me, I have Hiren Padhya and Vishwas Patel and Jason Kothari. Hiren is our CFO. He will walk you through the financials as we go through the presentation. Vishwas will walk you through our strategic growth opportunities and payments. Vishwas as all of you know is the Founder and CEO of payments business, CCAvenue, as well as he is a Director of Infibeam Avenues Limited. He is now also inducted as the Chairman of Payments Council of India. He has been a pioneer in building an infrastructure for digital payments in India and we hope that his experience and passion for his work will benefit the industry and help us grow. I would like to congratulate him and wish him success in his new role.

I would also quickly like to introduce to you the new leadership team member in our family, Mr. Jason Kothari. He has joined the company as the President. He is an alumni of the Wharton School. At Infibeam he will drive the company into the next phase of growth and with his leadership skills we hope to get a lot of impact on our business, which has helped him change many of the company's outcomes in his past experiences. He has got a history of creating significant value for stakeholders and at Infibeam Avenues he will help us in terms of realizing our global plans, drive over next era of our company's evolution and

also create significant value for all of the stakeholders. I would like to welcome him and wish him for bright future at Infibeam Avenues.

Now let me begin by giving you a brief overview of our business. As a reminder the name of the company has been changed from Infibeam Incorporation Limited to Infibeam Avenues Limited. This is to reflect the growing presence of payments as part of our revenue mix in the company. We typically talk about two different parts of our business, the web service business and e-commerce marketplace. The web services part of our business is where we provide infrastructure and frameworks to merchant, brands and retailers.

I would like to quickly walk you through some of the offerings in this particular area. We have created a framework called BuildaBazaar. It is an end-to-end platform, which is required for any seller to be able to sell online. A merchant using BuildaBazaar framework can choose the entire stack or certain specific set of web services to be able to transact online.

We have a framework for domain registry called dot triple ooo “.OOO”. For any merchant who wants to create an online store or an online presence, it starts with somebody booking up a name or domain. As you recollect in the past, we have talked about this and I would like to cover more in terms of what we have done in this registry business. This is the starting point for anyone to be able to build out an online presence and we feel that providing a registry service where somebody can book a domain along with providing web services framework to be able to create their own online presence and transact online provides a very strong and sticky opportunity.

Once you have the domain and once you have software and web services to create their online presence in order to close a transaction, you would require payments. CCAvenue is the web services framework that allows the merchant to capture payments, to capture the transaction and to be paid by customers across multiple payment options. CCAvenue has more than 240 different payment options integrated whereby any merchant who creates their online presence, they can accept payments from any of the provider whether it is debit cards, credit cards, net banking, IMPS, any of the UPI based wallets and in a single console, in a single accounting setup, that they would get the backend opportunity to be able to capture transaction and get a ledger in accounts. And as more and more payment options proliferate they do not need to integrate separately into each of them but would be integrated into CCAvenue whereby they can capture more of the customer’s wallet.

I would also briefly like to talk on two specific areas, which is the focus for the company as well, as we expand web services and payments together that we have essentially opened up the framework for hotels in the hospitality industry. to be able to transact online. In the past they would go to an aggregator and an aggregator would be somebody who would want to aggregate hotels and sell it to individual customers. We have created a product called ResAvenue along with payments whereby any hotel can setup their online presence and allow their customers to go and book a particular room online as well as get connected on inventory to multiple GDS’ which is global distribution systems for inventory whereby they can type the inventory into different aggregators whether it is hotel.com, booking.com or any other one. The opportunity here is to provide web services and payments whereby it is a complete solution and selling on an aggregator versus selling on your own is not either or. Similar to what we have done in the retail industry, we have started expanding in the hospitality industry as well.

I would also like to briefly cover BillAvenue and then we will go into specifics of BillAvenue and the progress that we have made. BillAvenue is a platform whereby utility payments can be accepted online.

In the past, Infibeam Avenues has not focused on billing opportunities, utility payments like water tax, aqua tax, many other, there are school fees and other payment solutions. The company has operating unit license for Bharat Bill Pay from RBI whereby we are extending that opportunity to be able to collect utility payments. We have got several lakh agents who have signed up to accept utility payments connected to the NPCI switch using our solutions which we would cover later.

Lastly, I would like to cover Unicommerce. Unicommerce is an acquisition that will be announced, which we are expected to complete by end of October. Once the merchant, is able to create domain name, they have the software and the web services to build their online presence whereby they can track material flow, money flow, process flow, and we are able to capture payments using more than 240 different payment options that the customer holds, then there is an opportunity to offer warehousing systems and software to such merchants. Unicommerce was part of Snapdeal which we have recently announced to acquire and that opportunity allows us to be able to help merchants in terms of moving goods in their warehouse and what it means is anything to do with inbounding a product, storing it, picking it once the order comes in, packing it and shipping it. Unicommerce offers warehouse management solution to many of the large enterprises which we would like to cover subsequently, and they also offer it to many of the small and medium businesses.

There are more than 10000 plus merchants, who have used Unicommerce in the past. This is the portfolio of web services whereby end-to-end all the way from website to warehouse management solutions can be offered to merchants across the country and we have expanded web services both in India as well as international markets.

When we think about our net revenues, 98% of the net revenues comes from web services. When we talk about standalone, 100% of our revenues come from web service. I would just briefly like to cover the e-commerce market place. E-commerce market place is an opportunity whereby we would like to offer fulfillment services to the merchants. We have migrated from just going and saying we will offer fulfillment for merchants who are selling on infibeam.com to offering fulfillment services to merchants, who are also selling on their own; in other words, using our web services, anyone who builds an online presence any customer who comes either on their site or on infibeam.com where the merchant would like us to fulfill the product and we in the past I have mentioned about supply chain of the product tail that we can offer that services to merchants and that is going to be the area of focus going forward. While in this particular segment, we continue to look at per unit economics, we continue to go and track it and figure out how we can make it more and more profitable in this competitive industry. We have figured out and we need to operate in supply chain of the product tail and we will continue doing so.

I would like to go to slide #6 and just cover the key highlights for this quarter. Our processing volumes for the first time in the history of the company exceeded INR 10,000 Crores. As a reminder last quarter it was INR 7056 Crores and so this quarter the increase is more than 30%. It is unprecedented, we have never seen this in the past several quarters. It is the conscious strategy of the company to go after transaction-processing volumes and not lose money in terms of interchange on any transaction. Thus the incremental volume will come with a lower spread. If you recollect for the full financial year last year, the company processed INR 21,550 Crores and in the first quarter alone the company processed INR 10,245 Crores of transaction value. On a run rate basis, it is reasonable to assume that the company doubled in terms of transaction process and volume in the first quarter alone.

The revenues were up 27% year over year. We have seen more than 27 million transactions in a quarter and in terms of the total number of merchants using our web services, we talk about a merchant who is using any piece of our web services portfolio, the number of merchants has exceeded 500,000. It is a significant increase from what we have reported last quarter. And that would cover some of the bases that we are going after merchant and transaction volume to be able to build out the indispensable scale and growth.

Our government e-marketplace framework that we have offered for the first time crossed INR 10,000 Crores in total transaction value. As a reminder we get paid a certain small commission on every transaction on that particular platform. There are more than 24 states and Union Territories that have signed up and in subsequent slide I will cover what is the progress in GeM.

We are very, very happy to announce that we have relaunched .ooo domain with considerably different pricing framework. This is something that we had covered in previous quarters in terms of the amount of work that we have done in the registry business whereby we can offer our domains at a very reasonable price. We have relaunched the .OOO framework and I am very happy to report that globally we are in the top 25, which means that as far as all the global top-level domains are concerned, we have joined the club of being one of the top 25 largest domain registries. The ranking that we have received so far is 21 and while we are not just focused in terms of number of registrations, we have focused on the usage of the domains, which brings me to the next point, we have partnered with MONEYCONTROL to launch MONEYCONTROL.OOO. As more and more premium assets in the country utilize .ooo framework we believe it gives us a significant opportunity for us to offer all our registry web services to such partners. We want to join such companies in terms of partnering up so that we can continue offering more of our web services whereby it becomes an opportunity for revenue and growth.

Finally, we have completed the acquisition of a payment solution provider Vavian International in the Middle East. We will talk about this particular company briefly but as a reminder Internationally today we process more than a billion Dirhams of transactions. That is a few million transactions a year. It is allowing us to become one of the top five payment providers in the Middle East in terms of transaction volume. It is a significant game changer in terms of not just being amongst the top leading payments provider in India but it allows us to get a distinction to becoming one of the top leading payments provider in the Middle East as well. The transaction is completed and we will be talking specifically a little bit more as we go through presentation. The next section is about the industry and I would like to hand it over to Jason Kothari to cover specifics about that. Jason, all yours!

Jason Kothari:

Thank you Vishal. Since the end of the last quarter there have been a number of key events that has occurred in the broader Indian e-commerce industry. Firstly, there is a new national e-commerce policy that is being proposed and this potentially introduces few key changes. Some of these examples are no discounting, mandatory data storage locally, relaxing FDI norms to up to 49% FDI in inventory like e-commerce company that are selling 100% domestically produced products and continuing zero FDI inventory like e-commerce that are not 100% domestically produced products. Greater scrutiny on larger M&A deals by the CCI and a separate e-commerce regulator to deal with consumer complaints, compliance with the FDI caps, among the few other things. Some of the implications of these changes could be leveling the playing field for sellers of different sizes. For only discounting among larger more

capitalized sellers including possibly predatory pricing creates an unfair playing field for seller of small sizes. Removal of discounting will help level the playing field for seller of all sizes and catalyze more sellers to enter the online market. This is helpful to a company like us because we also provide another level of technology democratization as large e-commerce companies have also spent 100 of millions of dollars on e-commerce platform technology that many other companies cannot and this is where a company like us can provide that kind of technology at affordable prices to all sellers. So it is likely, we will benefit significantly from a policy like this. In addition, another implication is protecting Indian entrepreneurship in inventory-led e-commerce. Enforcing zero FDI in inventory led e-commerce allowing up to 49% FDI and 100% domestically produced e-commerce marketplaces, will spur further Indian entrepreneurship and strengthen current Indian entrepreneurship in e-commerce while still allowing foreign investors to participate selectively.

Our company is possibly the only majority own and controlled e-commerce business in India. So depending on how the policy is finalized, and how the policy is enforced, we could be in uniquely attractive position. Another key implication from this possible change in policy is encouraging local data center development and the protection of consumer data. Currently our company is in the process of developing data storage facility, is one of the few Indian local companies to do this, so again we could significantly benefit from this change. At the moment, the government is currently reviewing its proposal based on feedbacks from different stakeholders and plans to revise its proposal by the end of this month, which we are eagerly awaiting.

The second key event that occurred in this industry since the end of the last quarter is US Retail Giant Wal-Mart's record acquisition of Flipkart. Over \$16 billion for 77% of the company implying a total company valuation of \$22 billion, which is a global record for an acquisition of an e-commerce company. This provides further confidence to the Indian e-commerce space that global players are entering with this level of aggression and capital. Player like Wal-Mart alongside Amazon are likely to be market creators and spur the overall growth of the market even further which will benefit companies like us providing e-commerce and payment solutions to merchants and sellers of all sizes. Thirdly, the overall tailwinds in the industry continue to be very encouraging. The market continues to grow the online spending for buyer continues to grow and all of this is likely to bode well for our business. Now I turn it back over to Vishal for the business updates.

Vishal Mehta:

Thank you Jason. Going to slide #10, in slide #10 and #11 while we have elaborately spoken about our business in the past, I would like to spend a couple of minutes talking more about strategically how we have been through this and how we approach our customers. What we realize is that majority of the merchants, they want multiple channels to be able to sell their products and services, which means that it is never 'either or' they do not want to position themselves as a single destination, location whereby they can only offer their products and services on a single market place. So the core concept of multichannel involves physical and digital channels and for retailers and brand service providers who have a physical presence that they want to find out more and more channels to be able to sell online. Multichannel is going to be a very important focus. In the past our company focused in terms of building out an online presence for their merchant under their own. We are also focused on allowing the merchant or the service provider to be able to funnel the inventory across multiple channels. An example is hotel industry example that we covered in the previous slide where a hotel can sell not just on them, but they

can also sell across multiple channels. A similar framework exists for retailers. Mobile application is another way in terms of how customers access the same storefront, which is built online. Social media presence is another way in terms of being able to become more accessible. Each of these are ecosystems where customers exist and our company is going to continuously focus on building out more and more channels for retailers and clients to build up.

We are also going to focus on target verticals and the verticals are more around retail, theme park ticketing, anything to do with government, education and others. Our frameworks are portable and they can be addressed to clients across different vertical industries. I am very happy to report that more than 100,000 merchants utilize our platform. It is an end-to-end platform and merchants pick and choose which pieces of our framework they utilize. There is a huge SME base on the country that we can target and with growing Internet penetration and smartphone penetration that we are well poised to be able to continue building out and offer more of our framework to merchants in India.

I would like to spend a couple of minutes on GeM. Government e-Marketplace is by far one of the largest marketplaces opportunity that the country offers today. As a reminder a lot of central procurement is moving on to GeM. The Ministry of Finance has advised and mandated all procurement of central government to move on to GeM. And as per the latest call from the GeM CEO's office the estimated number of transactions in this year alone is expected to hit more than INR 50,000 Crores. The total size of the opportunity is about INR 6 lakh Crores (c. US\$ 100 billion) and these are only a matter of trying to get more and more sellers and products to be able to offer on GeM so that Central Government organizations could procure on GeM. We are very happy to report that we have been instrumental and building out the whole framework whereby sellers and GeM can transact and government can procure for the first time GeM crossed INR 10,000 Crores in transaction volume. There are more than 134,000 merchants who have come to GeM, as the number is expected to increase as a more and more spread across different product verticals keeps on growing out.

On slide #13, I would like to cover two different aspects Unicommerce and .ooo. These are two end points in our web services. .ooo is where the merchants start by taking up a domain name, that's where we start in terms of building out your online presence and I will tell you a little bit about what we have done in that space. Unicommerce is where we end, which is when the merchant fulfills the product using warehouse management solutions and so we think that this is two end points of web services, the rest of it very hard metal, which is what you provide to merchants whereby they can build out their online presence and transact themselves.

Unicommerce acquisition is underway. It is expected to complete in the next couple of months. As far as .ooo is concerned, we relaunched. We relaunched the campaign whereby with the single SMS message you can book your domain, you can actually build out an affiliate framework and add a framework and in less than 60 seconds you can be live. We believe this is the only implementation in the entire world that allows you to do it in less than 60 seconds by using just a single SMS message. We did record number of registrations in a single day exceeding more than 40,000 registrations and that essentially allowed us to catapult ourselves amongst the league of top 25 in the world. We are not stopping here. There is a huge potential. The revenue model here is twofold. One, we have reduced the price of .ooo and in terms of our cost the cost base was reduced by a factor of a magnitude, which is what we talked about earlier. So the incremental perspective is that as more and more '.ooo' domains get sold, there are other domains get sold at full price. It is a huge margin opportunity for us. The company prices the domain across all

registrars, across the world. And hence we give out more and more domains, the reminder of the domains become more and more attractive and expensive. It is appreciating asset we believe and there are many, many large brands who have started taking up their own '.ooo' extended domains.

The second opportunity in this is the ad framework that we have launched. We launched this in the month of July and in the last couple of months we have more than 85,000 affiliates, who have signed up. Mind you affiliates are publishers. These are publishers who have their own whereby we can funnel in and we can provide advertisers an opportunity to advertise across all these different affiliates. The revenue model there in advertising is that an advertiser gives us, advertiser pays the company, and the company will pay the publisher. It is no different then Google will work. We believe that the opportunity there is to be able to scale this up to a few million users this year. So in another words what we could not achieve in the last four years after we launched '.ooo', we have been able to do it in the past few weeks.

I would like to go slide #14, which is about the promotions that we did. These are brief snapshots. So while we are focused on going broad across multiple, we are also going deep. MONEYCONTROL is the one that we talked about, this is expected to launch very shortly. I will hand it over to Vishwas to walk you through the payments framework this time. Vishwas all yours!

Vishwas Patel:

Thanks Vishal. So we will move to slide #15, it is on the B2B payment solutions. CCAvenue as a payment gateway was India's first third party aggregator, launching payment gateway for normal merchants. Today almost after 18 years completion we are today deeply connected with almost 60 plus banks directly in to the core banking solutions. We are the first gateway in the world to offer net banking in anywhere in the world. Apart from that, if you see it is a full-fledged payment gateway with almost 250 plus payment options, multi-currency processing, multichannel website, mobile, social networking payments has a proprietary fraud and risk negative database, where the kind of risk negative database that we have 100,000 plus merchants unique to us. We have optimized it for a better success rates. We have multiple, multiple other features that are there dynamic. In short, the kind of PGs comparable to the very best in the world is what we offer to the merchants we offer here in India that is why if you see from the biggest of the biggest merchants be it Airtel or if you look at travel perspective from MakeMyTrip, Yatra and Cleartrip or hospitality Taj, Oberoi, ITC to the smallest merchants in a village someone selling mushrooms from 70 km outside Bengaluru is using CCAvenue, so it covers widely and on the other side all the kinds of payment options that are there, are on the platform. On the other side, the merchants using internet, 92 of the top 100 merchants to the smallest merchants are using our PG. The PG is addressed to everybody.

So if you go on to the slide #16, some performance indicators, how fast these digital payments is growing in India, as well as how fast we are growing, if you look at the last quarter Q4 what needed was around INR 7000 Crores, so in this three months of Q1, that is April to June we have done in excess of INR 10,245 Crores, that is almost more than 44% jump in three months from last quarter and annualized basis we will grow much, much higher this year because the uptake is very good. If you look at our the solutions from security perspective, it is world class, some of the new features that we are adding on our gateway include standing instructions not just on credit cards but also on debit cards and net banking.

There are more net banking tie-ups that we did in the last months with the proliferation of more banks coming in India, so we have gone live with Aditya Birla Bank, Equitas Bank, Syndicate Bank net banking,

Suryoday Bank, Ujjivan Small Finance Bank, Allahabad Bank, so as more and more banks come and offer their core banking connectivity, CCAvenue is their preferred choice first to get them integrated and those options are offered to many of the merchants.

UPI also we innovated a lot. We launched something called UPI app intent during this quarter where on the customer automatically gets the preferred UPI bank of on the display, UPI 2.2, which is just launched today, we are already integrated and about to go live after the full testing cycles, which we will offer to our merchants. So some of the new innovations that we have done also looking at the tie ups that we are already doing so CCAvenue is now offering also to the banks to sell their PG, so in this quarter we have already launched the Kotak Mahindra Bank, the Kotak AllPay payment gateway is every retail network across the country is offering. The Kotak AllPay is a white label of CCAvenue, same we have also done with HDFC Bank. HDFC bank VAT system is white label of CCAvenue that we have done. We have also placed a referral model with some of the leading banks in the country where at their branch network, the branch managers are trained in selling CCAvenue to the local SMEs and merchants or utilities or education institutions or health services to go and collect payment to market CCAvenue, some of the banks that we have tied up in this quarter to sell the preferable model is ICICI, IDFC, Central Bank of India, Bandhan Bank, Axis Bank, Corporation Bank, Central CSB, RBL, Andhra Bank and many others, so all those banking partners, we are now referring CCAvenue as a default PG for merchants in their area. If you were to put in a comparable with the competition analysis that is there, we are the best of the best breeds, with a long, long experience and payment processing, the best risk management tools, and the best security processes that anybody can follow and if you look at the opportunity today in India, digital payments will reach a US\$ 1 trillion by 2023 from what we are doing US\$ 200 billion currently. Also an opportunity comes in the government e-Marketplace to sell us on GeM which is our company's own platform where we can offer CCAvenue, this is under process.

We are also looking now marketing out CCAvenue into multiple geographies where markets are opening up, Middle East is a big opportunity and we will look at Saudi and Egypt, these are highly lucrative markets right now, virgin markets if you want to put it, we are looking at rapidly expanding in those markets and we will see some movement there in the coming quarters. In these regions almost 80% brick and mortar retail and 65% of e-commerce payments are still made in cash while smart phone adaption is more than 100% in several countries. The people or current players there are still on Master and Visa cards. They have not adopted local payment options, like in Saudi Arabia, there is SADAD and other options. So those are the tie-ups that we are looking and launching of CCAvenue in the Middle East and with the kind of the feature sets that we have will far be superior technology or otherwise in those markets. The business model there is, there is no government interventions, there is a market driven prices and variable fees can be charged, so from monetary perspective it is a very lucrative markets to get in.

We now move to slide #17, I will talk about BillAvenue, this is as Vishal mentioned earlier. This solution is launched post the license given to us by RBI to be an operating unit under the Bharat Bill Payment Systems. There are nine non-bank operating unit licenses that are given by RBI and briefly to explain, our role is, on one side we have to get all the billers on the platform of BBPS as per the API device under the BBPS, on the other side we have to go and recruit agent institutions and agents across the country. We are in the middle and every time the transaction goes either way, we earn on every transaction a fixed fee for every transaction that goes through our systems. Currently, there are almost 100 million bills generated every day in top 20 cities of India and this bills include aqua tax, property tax, it also includes mobile bills, it

includes DTH, it is going to shortly get in school fees, it will also have insurance premiums as per NPCI. We have appointed almost 5 lakh agents on-boarded by us and about 30 lakh agents across 1200 cities and towns are already live on our systems. This is what we have done in BillAvenue. Now for the e-commerce marketplace, I will again hand it over to Vishal.

Vishal Mehta:

Thank you Vishwas. So as far as the e-commerce marketplace is concerned we have made it clear in the past and we have been communicative about this that we do not believe that we are at the destination to go to for consumers. We are one more destination for consumers to go and find and discover products. We believe that as we build and proliferate our web services, the same web services that we provide to other merchants, the same web services also powers Infibeam.com. Rather than positioning ourselves as a destination, we have been vocal about the strategy of being able to focus on supply chain of the product tail. What it means is that for any merchant, who has an existing distribution channel, who has very high velocity products, the physical distribution channel of that brand would be very strong in terms of fulfilling the requirements for the needs. But there are huge number of products, which do not have huge velocity as in very large demand and for those products it is important to be able to allow a channel or offer multiple channels to the brand to be able to offer such products. As a reminder usually products that do not have high velocity, typically have better margins, and that is the business that we would like to focus on. We would like to continue building up on that thesis; we are experimenting with this opportunity. Infibeam.com is one more destination, we think it should also be m.com, which is any merchant who wants to build out on their own under any URL of their choice, the same product can also be helped in terms of our fulfillment by Infibeam. So if you think about it multichannel with fulfillment is what we would like to go after as we build out more and more of our thesis. Now I will hand it over to Hiren to help him walk you through the financials of Q1 FY2019. Hiren over to you!

Hiren Padhya:

Thanks Vishal Bhai. Good afternoon everybody. Let us start with the slide #21 that is financial and operational summary. Let us spend few minutes on financials after having updates on business and industry. Now I would like just throw light in terms of two acquisitions. First is a major acquisition of Digital Payment Processing Company that is Vavian International Company, which was through our subsidiary in the Middle East market. Vavian annually processes almost AED 1 billion in payments and in terms of transaction it is 1 million. Second major acquisition is Unicommerce and that was from Jasper Infotech Private Limited that is a group company of Snapdeal. Unicommerce is providing warehouse and logistics solutions to over 10,000 merchants. In view of both the above acquisitions, the company may not be able to prepare their accounts of such newly acquired subsidiaries for preparation of consolidated financial statement within the prescribed time limits. So the company will now declare and submit the unaudited standalone financial results along with limited review report for the first three quarters of the financial year 2018 and 2019, and annual audited standalone and consolidated financial results and statement for the fourth quarter and for financial year 2018-2019.

Now based on management representation made on the basis of internal financial system of the company and subsidiaries of this company, the revenue from subsidiary other than Vavian International has increased to INR 139 Crores, an increase of almost 24% year-over-year. In case of EBITDA margins of

subsidiaries excluding Vavian International, has increased by 143% to INR 43.8 Crores year-over-year basis.

Coming to our performance for the current that is Q1 FY2019, and the too at the standalone basis, we have started the first quarter strongly that is growth of revenue by 27% from 716 million to 913 million compared to the corresponding period of previous year mainly due to following reasons: First, gaining of new level of scale by focusing on increasing transaction processing volumes for Infibeam Web Services business, second is overall Indian e-commerce market growth, third is expanding into international market such as Middle East having significant scope by going deeper into the value chain with our offerings and fourth is strongly positioned to capitalize on digital revolution occurring locally as well as globally and last is the company's strategic shift from subscription base model towards the predominantly transaction based revenue where we ensure earning out of each transaction.

As far as EBITDA and PAT is concerned, it has reduced mainly because of two reasons; any decrease in terms of loss is contributed either in terms of expense or maybe revenue. In case of expense we have some one-time charges of almost INR 8 Crores. It includes the share-issue expenses and related other expenses and other provisions also. So as far as revenue part is concerned, it is related to special CCAvenue where the zero merchant charges on debit card transaction up to Rs.2000 as per the government mandate where the reimbursement amount is not confirmed as of now. While we do not have exact estimates it can be up to Rs.10 Crores and that to annualized basis. We are also optimistic so far as the future partners are concerned. I think Vishal bhai will explain the same in the next slide. Over to you Vishal.

Vishal Mehta:

Thank you Hiren. For the full year FY2019 we expect very strong growth going forward. There is a continuous focus both in domestic and international business that we operate in. In the domestic business we are going to focus strongly on Government e-Marketplace, we see a lot of traction and a lot of movement whereby more and more consumption can happen through that platform.

In terms of the overall volume, we have indications from the GeM CEO, excess of INR 50000 Crores this year itself. We also believe Bharat Bill Pay is a huge opportunity for us in payments consumption. This is something we had covered in the previous, we will continue focusing on those. With the recent acquisition in the Middle East, it is a very important market, and we believe we will continue growing out that geography. As a reminder each of these acquisition that we have made, they are EBITDA positive, they are PAT positive, so as a result as we expand into other territories in the Middle East much like what Vishwas mentioned, we believe the opportunity to monetize become significantly larger.

Unicommerce is a unique opportunity. We believe we are very excited about the perspective that a merchant can utilize our solutions to be able to run the warehouses that means that on every single unit that goes in and out of the warehouse that there is traceability, tractability and there is an opportunity for merchants to be able to become more and more compliant with the new regulation of GST and others.

We also believe that cross selling solutions across the merchant base of our web services, while it is always optional and we will always make it optional and it is not mandatory to use all our services, we would want to cross sell each of our services to the existing and new merchant base so that we become an attractive offering in terms of providing an end-to-end solution. We will put in a lot more control and we

will continue as we do more and more acquisitions, build out stronger capability internally on controls to be able to absorb such acquisitions and make it part of our systems going forward.

So in Summary, in the last slide, I would like to reiterate that we have a very strong geography in terms of digital adoption in India that we would like to expand all our web services into and that has been the focus, we have recently last year added government as a focus area with the Government e-Marketplace that is expected to increase and mainly use more, more of our web services. We believe providing more offerings of web services to merchants will increase better consumer stickiness and this is different given that the single solution that can be given to the merchant so that integration expenses and the cost of being able to continuously upgrade for new and new features is reduced for the merchants that makes our web services more and more attractive as what we would like to follow.

We have a very strong transaction based model, subscription is not what we have focused on in the past few quarters. While we continue focusing on transaction, transaction may lead to lower margins or spread because we are aggressively going after additional transaction and volume which will of course result in higher payment charges but we believe that is the right strategy for the company to follow to be able to gain more on the transaction value and as we gain more on the transaction value we will be able to get better perspective, better data, better margins in the long-term as we build up.

International is expected to be a fuel engine for us in terms of growth. The web services that we build in India we can offer internationally to a much larger and better audience where digital transactions is the norm. We would want to diversify and continue building out solutions that target vertical industries, we are going to focus on profitability, we are not obsessed, we think that we should continuously invest for the long term, but we are always focused on profitable growth. We will continue doing that and also build out a very strong core team that helps us build out a long-term vision for the company.

Thank you, this ends the presentation for me and I am very happy to take any question that you may have.

Moderator:

Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Mitul Shah from Blue Moon Capital. Please go ahead.

Mitul Shah:

Congratulation Sir. I have two questions. First as the company grows, we generally used to declare more and more on the basis of standalone and consolidated, why we have shifted this to only standalone?

Vishal Mehta:

Thanks. Much like what Hiren as mentioned as part of the presentation, in Q1 FY2019 the company has completed a major acquisition of digital payments processing company, Vavian International by own subsidiary, annually processing transaction volumes exceeding AED 1 billion with a million transactions. Considering the large scale of acquired business the company may not be in a position to prepare accounts of such newly acquired subsidiaries for preparation of consolidated financial statement within the prescribed timeline. As a reminder we announced the acquisition in Q1 FY2019 and as a result if we wanted to consolidate that, given the scale of this particular acquisition, we would not have the opportunity to consolidate within the timelines. We had also announced that we are acquiring Unicommerce, and that acquisition is expected to complete in the next couple of months. So in light of

that the company will now declare standalone financial results along with the limited review report for the first three quarters and then we will announce the audited standalone and consolidated financials for the fourth quarter and final year, these are material events going forward.

Mitul Shah:

My question is let us do the role reversal Sir. If you are the analyst and I am the company, how will I come to know that what is the profitability or what is going with the company because such large investments you have done, which we are not able to get statements of three months, if something goes wrong, it will be too late for us to realize that and you tell me that how I will track your performance going forward?

Vishal Mehta:

Sure Mitul. Like I said materially we will continue reporting standalone for the subsequent two quarters after this, as you would appreciate our entire digital transaction processing business, which has been our focus will continue to get reported as part of the standalone, we will also be reporting web services revenue from merchants who we are offering services, as part of the standalone financials, all Government e-Marketplace, which is part of our framework, will continue to get reported. You are right, international subsidiaries are much larger, we have been talking about the scale and size of that subsidiary, they are profitable but by design of course there is work to be done on those to be able to do the consolidation and the reporting of those subsidiaries and so of course we will be talking about anything, which is materially going to impact us and as far as reporting is concerned, we will have to go with the reporting of standalone for the subsequent quarters and then we could consolidate going forward.

Mitul Shah:

Thanks.

Moderator:

Mitul, I am sorry to interrupt, may I request you to come back in the queue for any followups. Thank you. The next question is from the line of Deval Shah from Betala Stock Brokers. Please go ahead.

Deval Shah:

Vishal Bhai, what is the likely volume in current financial year for GeM and what is your expected revenue from transactions?

Vishal Mehta:

GeM is a flagship marketplace, which uses our web services and if you go to one of the slide that we have shown in the presentation, GeM marketplace has the potential to do about INR 6 lakh Crores, as per the GeM Addl. CEO statements. So, if you refer to slide #12 of the presentation, it shows that for the first time GeM has crossed INR 10,000 Crores of transaction processing, which means the central government organizations have bought more than INR 10,000 Crores of goods and services on GeM. Now of course the opportunity size is INR 6 lakh Crores, and INR 10,000 Crores is a tiny percentage of that overall size of the opportunity. GeM opportunity is limited only in two ways. First that one needs to have the products and services available, which the government organizations require. This means that more and more sellers have to come to GeM. Today there are more than 135,000 sellers that have already been signed

up and operational on GeM. This number was a very, very tiny fraction just six months ago. In six months itself there has been a significant movement in terms of on-boarding more and more sellers. The second piece is the perspective where it becomes more mandatory, and the government has mandated many of the organizations to purchase on GeM should the product and service be available on GeM. Thus it becomes an opportunity whereby it brings a lot of scope.

Deval Shah:

There are also state government signed up there, I mean when will you start processing GeM?

Vishal Mehta:

So, it will be very hard for me to speak on behalf of GeM, but what I can tell you is that many of the states have started on-boarding and the work is already going on, and we expect that there will be more announcements to be made in the subsequent weeks. As far as our cut in the transaction is concerned, it is reasonable to assume that we get high single digit basis points out of every transaction. In other words in the past we had mentioned that there is a potential to get between 7 to 10 basis points on each of these transactions that happened on GeM.

Moderator:

Thank you. The next question is from the line of Piyush Sakhiya from Raisonneur Capital. Please go ahead.

Piyush Sakhiya:

Good afternoon Mr. Mehta. The relaunch of the .ooo GTLD created a record of 40,000 domain registrations in a single day, so my question to you is how do we plan to monetize on that and along with that we have tied up with Network-18 and are creating MONEYCONTROL.OOO, how do we plan to monetize on that, I mean what would be our role in creating the website and what are we going to be getting out?

Vishal Mehta:

Sure. Thank you. So the whole strategy behind .ooo is two fold, one is that more and more users purchase and start using the domain so it will become a popular GTLD domain to follow. And so as a result, theoretically our strategy would be to focus on the number of registrations and the usage of that domain. It is about going broad and as of date there are more than quarter of the million domains of .ooo, which are out there. So we decided that we should go broad and going broad would require as to actually be able to offer these domains at a fraction of cost to what we offered earlier. So if you recollect we were pricing these domains at \$19.99 cents through the sellers and now of course these domains are available at a very, very fraction of that cost, it is actually sub-\$1 and in many cases we have opened up digit domains for free as well, so what that does is that as more and more users start utilizing our framework that their breadth is covered, which is typically what you have seen even in many of the other web services opportunities that we have picked up. We go broad and deep both. So the breadth comes from the fact that you can keep on opening it up. The good thing about this is that as more and more domains go out that becomes a norm and that many of the other new companies and merchants who want to on-board and go online will also start utilizing .ooo and start thinking about utilizing .ooo.

The other strategy is to go deep and what I mean by deep is to be able to work with certain brands, and one of the brands of course that you have highlighted as MONEYCONTROL whereby we can actually localize quite a bit of things. So for the first time one of the largest brands on the financial markets, Moneycontrol is coming up in Hindi. As you will appreciate as Internet goes deep into this country that there are more Hindi speakers than English speakers in this country according to the latest census and with the drive of Jio and many of the other Telco's that are going deep, we think that local language becomes more important. So it is not about replicating what is already out there on MONEYCONTROL.com but offering it to user base which has not seen internet or that who feel more relevant with local content. And by the way, the same phenomenon happens in many of the other countries as well. In India there are so many languages, but Hindi is of course one of the prominent and widely spoken one. So we provide such web services and registry web services to be able to go and figure out how to work in terms of making this more and more popular and monetizing on such opportunities through advertising frameworks and others. So our opportunity is to go deep as well as wide and we will continue doing so.

We are not resting at quarter of a million. We think going to a few million and coming into the top 25 club in the world, both in terms of number of registrations and the number of usage because many of them they come along with the framework that we offered that it becomes an opportunity for us to be able to continue to penetrate into the wider community. I will also submit you in the last comment that even internationally .ooo is doing very well. We do not get sold at the same rates through registers internationally and as a result we believe that as we price some of the premium domains it becomes an opportunity for us for example cricket.ooo, and insurance.ooo do not go for a fraction of the cost, it goes for a much larger value. Similarly, digit domains and many others and so as we sit on that inventory that we will continue building up long-term and continuously ensure that we can position the GTLD in the right spirit.

Piyush Sakhiya:

Got it and how about the monetizing of the MONEYCONTROL.ooo app?

Vishal Mehta:

Moneycontrol.ooo is a brand of the Network18 Group. We partner with them in terms of building out and proliferating, moneycontrol.ooo brand to a much wider community. The business model there would be that we would be both participating in terms of promoting the MONEYCONTROL.ooo brand as well as having certain advertising inventory as well along with it.

Piyush Sakhiya:

Okay. Got it. Thanks.

Moderator:

Thank you. The next question is from the line of Hitesh Patel from Akshar Trading. Please go ahead.

Hitesh Patel:

My question is related to CCAvenue, what is the amount of non-receipt from MDR charges, which is Rs.2000 on the debit cards?

Vishal Mehta:

If I understand your question correctly, what is the amount of value of transactions, which are less than Rs.2000, is that correct?

Hitesh Patel:

Yes, it is non-receipt charges on debit cards, which is below 50000, because 80% is still on spending, right?

Vishal Mehta:

That is a good question and while we have not provided specifics of about each of these activities because we are not sure what is the amount that will come to us in terms of reimbursements. As a reminder again, there is a notification of up to 40 basis point, which is expected to get reimbursed from the government to the banks and some portions of that comes from banks to us as a company, but it is reasonable to assume that 20%-25% of all the transaction will be debit transactions and so it will go into a few thousand Crores every quarter.

Hitesh Patel:

Okay and there is an impairment charges on investment, can you quantify and forward the details?

Vishal Mehta:

Sure, so impairment charges that are there is about INR 3.15 Crores. It comes under exceptional items in standalone and that is essentially an investment that we have made, which is provided for, we have been appropriately conservative and we will continue talking about that more, we do not expect additional impairment charges coming up in the subsequent quarters. This is a one-time charge, which has been listed as part of our accounts.

Hitesh Patel:

So it will not be for all quarters' right?

Vishal Mehta:

We do not expect that to continue.

Hitesh Patel:

Okay. Thank you.

Moderator:

Thank you. Ladies and gentlemen due to time constraints that was the last question. I now hand the conference over to Mr. Vishal Mehta for closing comments. Over to you Sir!

Vishal Mehta:

Thank you very much to all of you to participate and engage myself and my management team on this call and we look forward to your continued participation and we will continue communicating to you through exchanges going forward. Thank you very much.



Infibeam Avenues Limited
August 16, 2018

Moderator:

Thank you. Ladies and gentlemen, on behalf of KRChoksey Shares and Securities Limited that concludes this conference call for today. Thank you for joining us. You may now disconnect your lines.