

# Accelerating eCommerce

In the fast growing digital economies of the world



## Investor Presentation

2Q FY21

12 Nov 2020

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## BUSINESS OVERVIEW



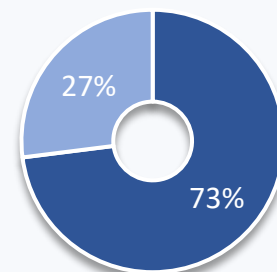
# Company overview



- Founded in 2007, based in India, **started as an eCommerce enabler, entered into the payments sector** through the merger with India's leading payment gateway platform CCAvenue in 2017 (CCAvenue founded in 2000); B2B customer focus
- Solutions cover **full stack Online Digital Payments (Payments) and Enterprise Software Platforms (SaaS)** including cloud service
- Expanded to **Middle East payments market** through acquisition of payment gateway in Jun'18; became **second largest** non-bank private player in the UAE in 18 months; also EBITDA & PAT positive
- In Sep'19 **launched PG in Saudi Arabia**, followed by **launch in the US** in Feb'20, further expanded in **Oman** in Jun'20
- Currently **conducting business expansion activities**
- Listed on **BSE & NSE**, part of **FTSE Small Cap Index**; to be part of **MSCI Global Small Cap Indexes** from Nov 30

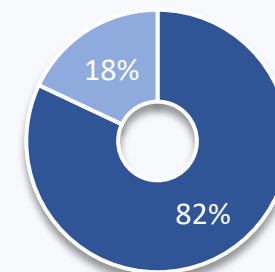
1+ mn	Rs 62,000 cr	Rs 60,000 cr	Top 2
merchants; amongst highest in India	Payments Gross Transaction Value (GTV) in FY20	orders processed on largest platform implementation <sup>1</sup>	in India & UAE <sup>2</sup>

Revenue - FY20



■ Payments ■ Platforms

Revenue - FY20



■ India ■ Global

INDIA				

UAE				

<sup>1</sup> Since winning the Government e Marketplace contract in July 2017

<sup>2</sup> India – second in terms of net profit market share, and third in terms of Revenue Market Share and Total Processing Value (TPV); UAE – second among non-bank private payment companies

Exchange rate: \$ 1 = INR 73.5



## Two core business lines with multiple growth engines; revenue and profitability drivers

### CCAvenue - full stack B2B SaaS digital payments platform

### Enterprise Software Platforms (SaaS)

Payment Gateway  
+ White Label

CCAvenue®

Payment Gateway  
Services (CPGS)

CCAvenue®

B2B +  
White Label

CCAvenue®

Neo banking

GRIT

Bill Payments

BillAvenue®

Hospitality

ResAvenue®

Entp. eCommerce  
SaaS Platforms

BuildaBazaar

- Frontend PG for merchants
- White-labeled by HDFC, Kotak, JPM<sup>1</sup>
- Marquee clients
- 200+ payment options
- Multi-currency
- PCI-DSS 3.2.1
- Present in UAE, KSA, Oman, USA
- Compliant to local regulations in these geographies

- Backend card processor for FIs
- Offers MPI, switch and network
- Test launched in Oman; now 90%+ Oman's online card volume secured
- Multiple fees from setup to per transaction
- PG agnostic
- Plans to launch globally including India

- Automating Collection (Receivables) & Payment (Payables) for corporates
- Complements PG; higher wallet share
- White-label arrangement with HDFC Bank

- Digital banking for corporates and SMEs
- Corporate credit cards
- Express Settlement
- Lending

- RBI licensed BoU and CoU for single window bill payments
- ~600,000 agents on ground across 2600+ Indian towns
- Billers across segments
- Exclusive processor for top 3 LGP companies
- Experiencing sharp growth

- Hospitality platform to book and distribute hotel inventory integrated with IAL's PG
- Channel manager and booking engine allows to pool and distribute rooms across various sales channel and collect money through PG
- 2500+ hotels
- India + UAE

- SaaS platforms for large scale eComm implementation
- Govt eMarketplace largest eComm implementation; est. \$100+b annual GMV; 10+m sellers
- Data center for public cloud svc
- Production ready blockchain platform running on HyperLedger
- Domain infra service

Full-stack payments and platform solutions to cater end-to-end digital needs; unique combination globally

## 2Q'21 UPDATE



### ➤ **Strong KPI growth in Payments business**

- Payments Gross Transaction Value (GTV) Rs. 22,780 cr; up 61% QoQ, monthly run-rate Rs. 7,500+ cr
- Payments Transactions (Volume) 4.4cr; up 23% QoQ
- Bill Payments GTV and Volume, up 141% and 90% QoQ, respectively
- Merchant registration for CCAvenue; up 26% QoQ

### ➤ **Definitive agreement with Reliance Industries' Jio Platforms Limited and its affiliates (JPL) to;**

- license, customise, maintain and access IAL's Enterprise E-commerce Software and Payments Platform for their business use

### ➤ **Entered in Oman to offer CPGS for the second largest bank, BankDhofar;**

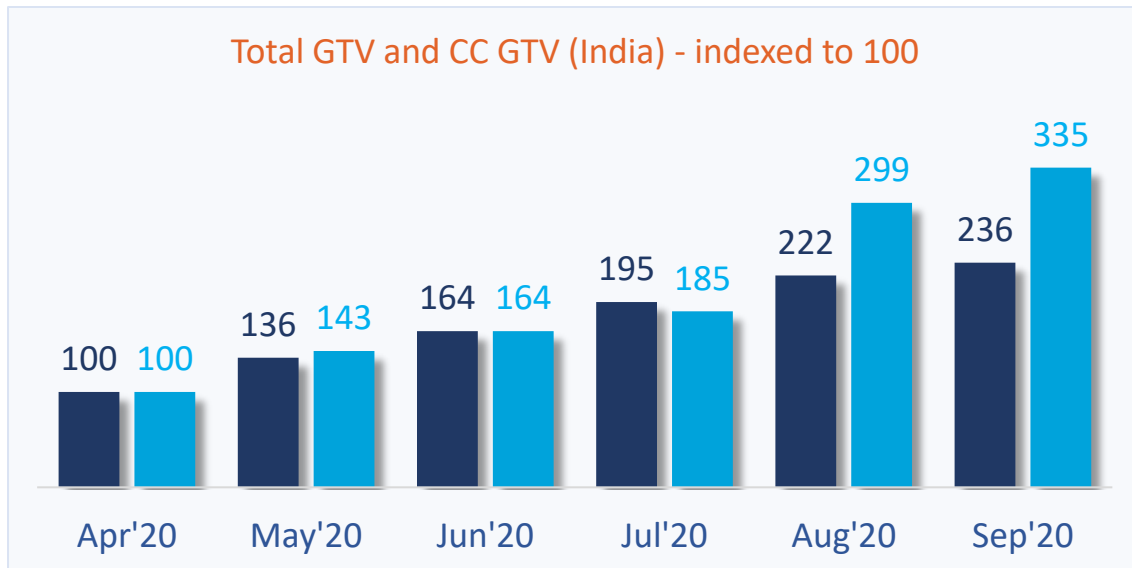
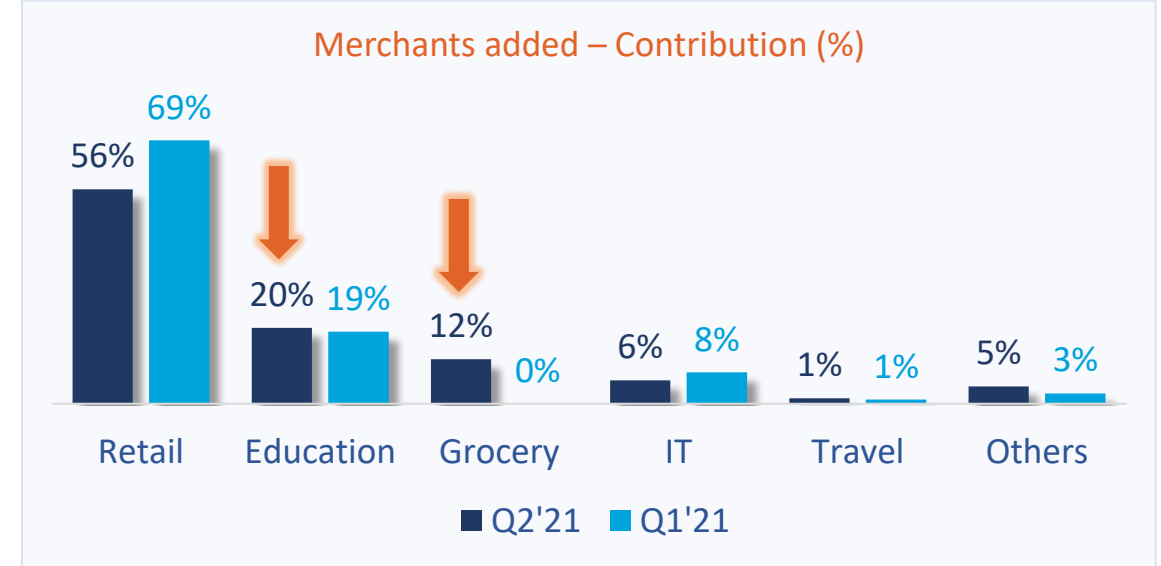
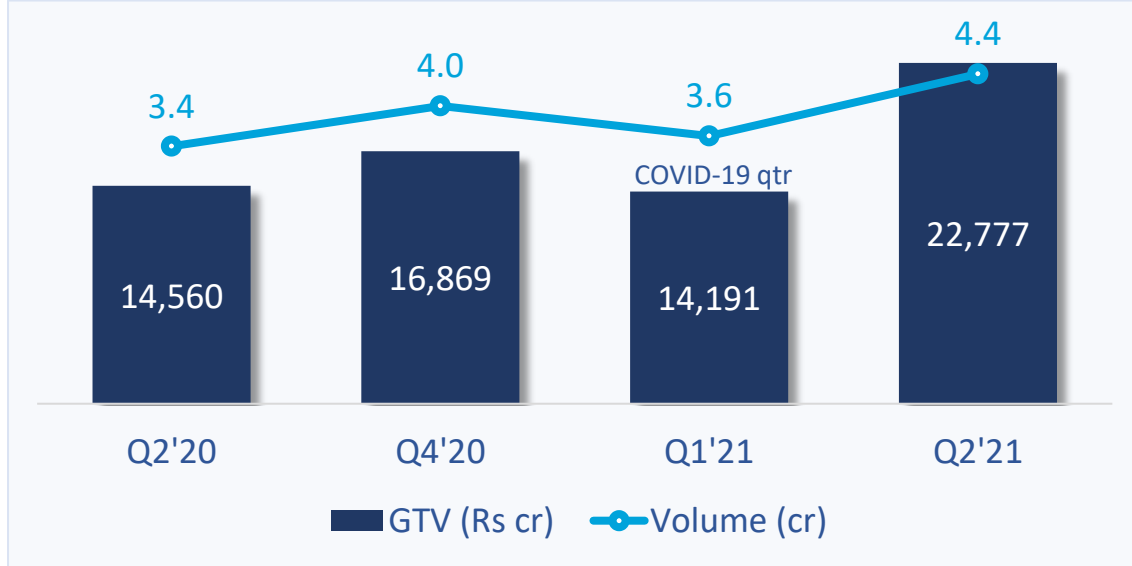
- To process card payments in Oman where BankDhofar is the acquiring bank

### ➤ **Definitive agreement with JPMorgan Chase Bank, India (JPMC)**

- To offer IAL's flagship payment platform, CCAvenue, for processing transactions of JPMC enterprise clients

### ➤ **Applying for RBI license for New Umbrella Entity (NUE) for retail payment systems**

## Strong performance in Payments business – CCAvenue



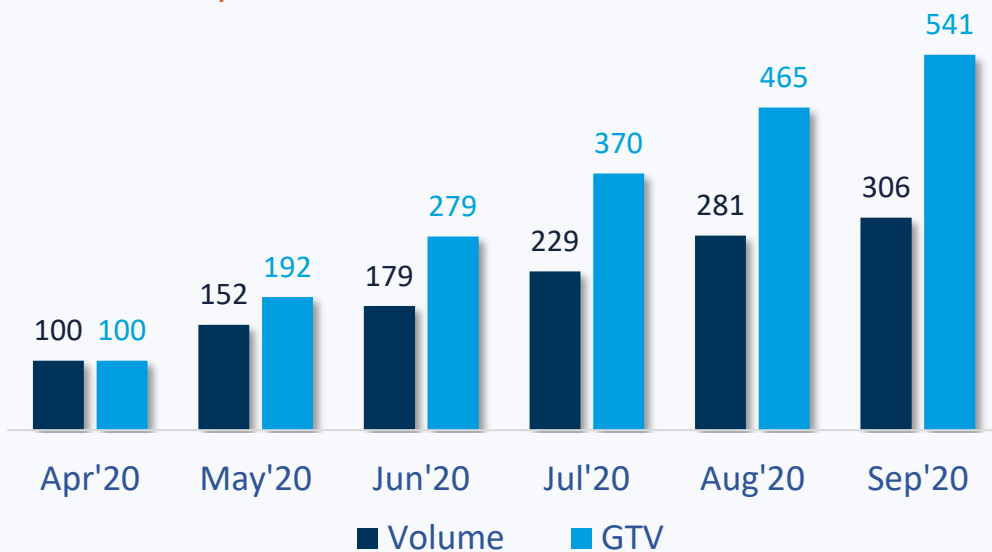
- **Daily GTV at 2.5x & 1.5x vs. Apr'20 & Mar'20, respectively**
  - Monthly GTV ~Rs. 8000 cr (India + UAE)
  - FY21 exit GTV target Rs. 10,000-12,000 cr
- **Credit Card spend 2.5x vs. Apr'20**
- **Strong merchant addition continues to build pipeline**
  - 150+ registrations per day, on an average
  - Retail & Education continue to take the large pie like Q1
  - Grocery is new addition and continues to build up
  - Doctors, advisors, consultants and professionals increasingly availing PG service; part of Others
  - Aviation, hotel, travel & tourism, entertainment still very low



# Steep growth in bill payments business



Bill Payments Volume and GTV - indexed to 100



**3x**  
Vol growth  
Apr'20 to Sep'20

**200+**  
Live AIs

**600,000**  
Agents

**2600**  
Indian cities  
and towns

**33**  
Billers

Bharat BillPay industry statistics

Period	Volume (cr)	Value (Rs cr)	Billers
Apr '20	1.28	1,371	190
Jun '20	1.76	2,970	245
Sep'20	2.32	3,921	1,172

- Built on the BBPS<sup>1</sup> infrastructure, BillAvenue is a unified, interoperable, online payments platform for Indian citizens
- Among select non-bank private players licensed by the RBI to operate as a BBPOU<sup>2</sup>
- Exclusive processors for IOCL, BPCL & HPCL for LPG cylinders
- Currently in discussion with multiple education institutes
- BBPS to expand number of channels and biller categories and add nearly 2mn agents across India to expand bill payments network
- In India, 20+ mn bills<sup>3</sup> get generated everyday; there are 1+ mn billers across the country
- Repeat business<sup>4</sup>: 100%

Few Customers



## Growing demand for CPGS – revenue and profitability driver

**CPGS – An on-premises and SaaS based global payment solution to process cards of various payment networks (like Visa/Mastercard/Amex and more) for financial institutions (FIs)**



- Entry into Oman; our 3rd GCC country after UAE in 2018 and Saudi Arabia in 2019
- BankDhofar is the second largest bank in Oman
- Multiple revenue streams; AMC, per txn fee & more
- Hosted from India
- Commercially live

- BankDhofar has double-digit share of cards in Oman
- Oman has a population of 5mn
- ~170% mobile and ~90% internet penetration
- Growing eCommerce market; low penetration
- Potential to process large number of card txns.
- Opens up opportunity to target other banks/FIs



- Signed up with India's largest conglomerate by market value to offer CPGS services
- Significant scale opportunity

Focus is on International markets

## Growing traction in Express Settlement business and Grit transitioning to neo bank for SMEs &amp; corporates

## Express Settlement (ES)

- Business is commercially **Live** in India from September
- ES TPV: high single digit percentage of daily TPV
- Avg. TPV per transaction: Rs. 1+ cr
- Current funding cost: Nil (managed from own funds)
- With no pass thru, entire fees flow to Operating Margin and improves bottom line
- Will improve net take rate as more TPV is settled early
- TDR range: 5-50bps per day
- Targeting 20% of daily India TPV as ES in 12-18 months
- Currently the services are offered to large clients
- To be extended to SMEs in the coming months to help them meet their short-term working capital requirement

## Neo Banking

- Grit to transition to Neo (Digital) Banking platform
- To offer unified spend management platform for SME & corporates to control company wide spends
- Issue physical and virtual credit cards
- Open bank account instantly; partnership with ICICI Bank
  - More banks will be added
- Multiple bank a/c balance check & real-time interbank trfrs
- Bulk vendor receivables and payouts | Bill payments
- Lending; to company's rich client database of ~1.7mn clients
- Large and growing corporate digital banking demand
- Indian Banks are gradually opening-up and giving their APIs to fintech cos. for better technology and deeper penetration

## A hosted e-commerce platform built for large scale

### Business Overview

- A cloud-based, e2e SaaS platform allowing corporates to transact online, manage the back-end (orders, inventory & logistics), make digital payments, undertake online marketing & other VAS
- Scalable and customizable eCommerce software platform to meet large scale implementation
- High EBITDA margin business

### Select Clients – GeM platform (procurement for Gov. of India)

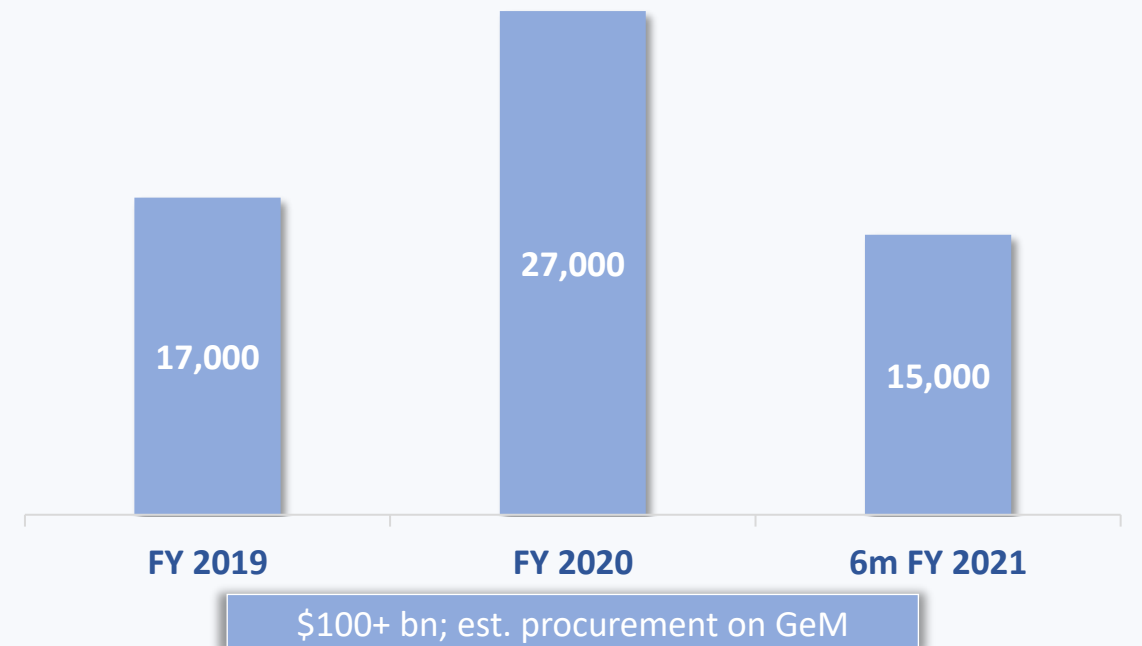
- It hosts one of the largest online market for gov. procurement called Government e-Marketplace (GeM)
- Govt + PSU procurements across India is c.13-15% of country's GDP
  - ~\$250 bn (Central, State, Railways, Army, Navy). \$100+ bn to come on GeM
- Indian Railways, Defense, CPPP, etc. being integrated; Unified portal
  - Railways (~\$10 bn p.a.) & Defense being integrated
- World Bank: GeM platform threshold raised (\$0.1 mn to \$1 mn)
- GeM is working with banks, TReDS, & SIDBI to offer bill discounting & financing of working capital

Trade Receivable Discounting System (TReDS)

### Recent business development – Jio Platforms Ltd. (JPL)

- Entered into an agreement with Reliance owned JPL & its affiliates to license, customize, maintain & access Enterprise eCommerce Marketplace Platform and Enterprise Payments

### Procurement on GeM (Rs. crore)



GeM can become India's largest online marketplace

## Applying for RBI governed pan-India new umbrella entity (NUE) license, for retail payment system

### ➤ **RBI intends to create NPCI-like entity(ies), a for-profit organisation**

- to broaden digital payments reach and achieve Gol's vision to make India a less-cash economy
- will provide a fillip to innovation and competition in the payments landscape and minimise concentration risk in retail payment systems
- The NUE shall be a Company authorised by Reserve Bank of India (RBI) under Section 4 of the PSS Act, 2007
- Final application date: 26 February 2021 (Draft Framework: [https://m.rbi.org.in/scripts/bs\\_viewcontent.aspx?Id=3832](https://m.rbi.org.in/scripts/bs_viewcontent.aspx?Id=3832))

### ➤ **IAL along with consortium partners will apply for RBI license to set-up a pan-India NUE focusing on retail payment systems**

- So Hum Bharat Digital Payments Pvt. Ltd. (So Hum) has been set up by PCI's Chairman Emeritus, Naveen Surya to pursue this license opportunity; IAL will be a part of So Hum
- Investing upto Rs. 18 crore for 1/3rd stake in So Hum

### ➤ **Scope**

- Develop, own and operate a new (apart from RuPay) cross-border retail payment network
- Setting up new payment systems in retail space comprising new generation ATMs, white Label PoS, Aadhaar based payments and remittance services, develop new payment methods, standards and technologies and more

### ➤ **Opportunity**

- Large (more than 70%) unbanked, underbanked and underserved population in India despite significant growth in digital payments; only about 160 mn unique digital payment users in India (RedSeer Consulting)
- 1+ bn mobile connections; only 450mn smartphone while 550 mn featurephone users; opportunity to target both, especially featurephone users
- Relatively low digital transactions per capita per annum at 22 in India in FY19 compared to 2017 values of Singapore (782), USA (474), Brazil (149), China (97), South Africa (79) & Indonesia (34).
- Moody's Analytics analysed 56 countries that accounted for 93% of the world's GDP between 2008 and 2012. The study showed that use of electronic payments added \$983 bn to the GDP of various countries and raised consumption by an average of 0.7% across the 56 nations
- Govt (Meity) is working to increase digital economy's contribution to 20% by 2025 from 7-8% currently

## FINANCIAL & OPERATIONAL PERFORMANCE



## 2Q FY21 Financial performance – Growth acceleration in Payments post COVID-19 in Q1

Particulars (Consol) in INR crore	Q2 FY21	Q1 FY21	QoQ	Q2 FY20
Payments GTV	22,780	14,190	61%	14,560
Payments Vol. (mn)	44	36	23%	34
Bill Payment Vol. (mn)	4.9	2.6	89%	1.8
Operating Revenue	154	103	50%	168
EBITDA	35	31	12%	40
Profit After Tax <sup>1</sup>	8	6	26%	12

Particulars (Consol) in INR crore	1H FY21 6 mts	1H FY20 6 mts
Free Cash Flow (CFO – Capex)	29	23
Cash Conversion <sup>2</sup>	106%	106%

- During the quarter, we have structured the pricing in payment business for capturing market opportunities in line with the industry, to sustain profitable growth
- Payments business recorded strong growth
  - V-shaped recovery leading to accelerated growth
  - Sharp rise in TPV: Rs. 22,780 cr, ↑61% QoQ, ↑56% YoY
  - Avg US\$1+ bn payment processing in each month of Q2
  - Aviation, travel & tourism, hotel and entertainment industry volume still below average
- Bill payments registered highest volume ever
  - 4.9 mn in Q2 (↑89%) QoQ
- Platforms revenue buoyed by uplift in GeM procurements
- EBITDA improved to Rs. 35 cr from Rs. 31 cr, ↑12% QoQ
- PAT was Rs. 8 cr, ↑26% QoQ
- Festivals in upcoming quarter (Q3) and signing of certain strategic deals to bolster revenue and margins

1) PAT excluding share of profits of associates 2) Before working capital (due to negative WC in Payments)



PAYMENTS | PLATFORMS

# Thank You

**Investor Relations**

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