Accelerating eCommerce
In the fast growing digital economies of the world

Investor Presentation
2Q FY21
12 Nov 2020
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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

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1 Since winning the Government e Marketplace contract in July 2017
2 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

**Payment Gateway + White Label**
- Frontend PG for merchants
- White-labeled by HDFC, Kotak, JPM
- 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

**Payment Gateway Services (CPGS)**
- 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

**B2B + White Label**
- Automating Collection (Receivables) & Payment (Payables) for corporates
- Complements PG; higher wallet share
- White-label arrangement with HDFC Bank

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

### Enterprise Software Platforms (SaaS)

**Bill Payments**
- 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**
- 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

**Entp. eCommerce SaaS Platforms**
- 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

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Full-stack payments and platform solutions to cater end-to-end digital needs; unique combination globally
2Q’21 UPDATE
Business developments during Q2

➢ **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

### Total GTV and CC GTV (India) - indexed to 100

<table>
<thead>
<tr>
<th></th>
<th>Apr’20</th>
<th>May’20</th>
<th>Jun’20</th>
<th>Jul’20</th>
<th>Aug’20</th>
<th>Sep’20</th>
</tr>
</thead>
<tbody>
<tr>
<td>GTV</td>
<td>100</td>
<td>136</td>
<td>164</td>
<td>195</td>
<td>222</td>
<td>236</td>
</tr>
<tr>
<td>CC GTV</td>
<td>100</td>
<td>100</td>
<td>143</td>
<td>164</td>
<td>185</td>
<td>299</td>
</tr>
</tbody>
</table>

### Merchants added – Contribution (%)

- **Q2’21**
  - Retail: 69%
  - Education: 20%
  - Grocery: 12%
  - IT: 6%
  - Travel: 1%
  - Others: 5%

- **Q1’21**
  - Retail: 56%
  - Education: 19%
  - Grocery: 12%
  - IT: 8%
  - Travel: 1%
  - Others: 3%

### GTV (Rs cr) & Volume (cr)

<table>
<thead>
<tr>
<th></th>
<th>Q2’20</th>
<th>Q4’20</th>
<th>Q1’21</th>
<th>Q2’21</th>
</tr>
</thead>
<tbody>
<tr>
<td>GTV</td>
<td>14,560</td>
<td>16,869</td>
<td>14,191</td>
<td>22,777</td>
</tr>
<tr>
<td>Volume</td>
<td></td>
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BillAvenue (Bill Payments thru Bharat BillPay)

Steep growth in bill payments business

- Built on the BBPS\(^1\) 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\(^2\)
- 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\(^3\) get generated everyday; there are 1+ mn billers across the country
- Repeat business\(^4\): 100%

### Bill Payments Volume and GTV - indexed to 100

<table>
<thead>
<tr>
<th>Period</th>
<th>Volume (cr)</th>
<th>Value (Rs cr)</th>
<th>Billers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr ’20</td>
<td>1.28</td>
<td>1,371</td>
<td>190</td>
</tr>
<tr>
<td>Jun ’20</td>
<td>1.76</td>
<td>2,970</td>
<td>245</td>
</tr>
<tr>
<td>Sep’20</td>
<td>2.32</td>
<td>3,921</td>
<td>1,172</td>
</tr>
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</table>

1) Bharat BillPay (BBPS); 2) Bharat Bill Payment Operating Unit (BBPOU); 3) As per RBI; 4) From Billers
New business – CCAvenue Payment Gateway Services (backward integration in PG)

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
### Other (new) Payments business updates

**Growing traction in Express Settlement business and Grit transitioning to neo bank for SMEs & 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
Enterprise Software Platforms: end-to-end ecommerce marketplace platform & services

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
  o ~$250 bn (Central, State, Railways, Army, Navy). $100+ bn to come on GeM

➢ Indian Railways, Defense, CPPP, etc. being integrated; Unified portal
  o 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

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)

<table>
<thead>
<tr>
<th>FY 2019</th>
<th>FY 2020</th>
<th>6m FY 2021</th>
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<tbody>
<tr>
<td>17,000</td>
<td>27,000</td>
<td>15,000</td>
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</table>

$100+ bn; est. procurement on GeM

GeM can become India’s largest online marketplace
New opportunity
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
  o to broaden digital payments reach and achieve GoI’s vision to make India a less-cash economy
  o will provide a fillip to innovation and competition in the payments landscape and minimise concentration risk in retail payment systems
  o The NUE shall be a Company authorised by Reserve Bank of India (RBI) under Section 4 of the PSS Act, 2007
  o Final application date: 26 February 2021 (Draft Framework: 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
  o 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
  o Investing upto Rs. 18 crore for 1/3rd stake in So Hum

➢ Scope
  o Develop, own and operate a new (apart from RuPay) cross-border retail payment network
  o 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
  o 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)
  o 1+ bn mobile connections; only 450mn smartphone while 550 mn featurephone users; opportunity to target both, especially featurephone users
  o 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).
  o 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
  o 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

- 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

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

<table>
<thead>
<tr>
<th>Particulars (Consol) in INR crore</th>
<th>1H FY21 6 mts</th>
<th>1H FY20 6 mts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Cash Flow (CFO – Capex)</td>
<td>29</td>
<td>23</td>
</tr>
<tr>
<td>Cash Conversion(^2)</td>
<td>106%</td>
<td>106%</td>
</tr>
</tbody>
</table>

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

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