

August 09, 2022

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
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Dear Sir / Madam,

Sub: Transcript of Earnings Conference Call for the quarter ended June 30, 2022

In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Investor/ Analyst conference call on financial performance of the Company for the quarter ended June 30, 2022 conducted on Friday, August 05, 2022 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.000.

Kindly take the same on your records.

Thanking you,

Yours faithfully,

For Infibeam Avenues Limited



Shyamal Trivedi
Sr. Vice President & Company Secretary



Encl.: As above

INFIBEAM AVENUES LIMITED

(Formerly known as Infibeam Incorporation Limited)

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“Infibeam Avenues Limited Q1 FY-23 Earnings Conference Call”

August 05, 2022



MANAGEMENT: **MR. VISHAL MEHTA – MANAGING DIRECTOR.**
MR. VISHWAS PATEL – EXECUTIVE DIRECTOR.
MR. SUNIL BHAGAT – CHIEF FINANCIAL OFFICER.
MR. PURVESH PAREKH – VP & HEAD (INVESTOR RELATIONS).
MR B. RAVI – STRATEGIC ADVISOR.
MODERATOR: **MR. RAJAT GUPTA – GO INDIA ADVISORS LLP**

Moderator: Good morning ladies and gentlemen. Welcome to Infibeam Avenues Limited Q1 FY23 Earnings Conference Call, hosted by Goa India Advisors. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rajat Gupta from Goa India Advisors. Thank you and over to you sir.

Rajat Gupta: Thank you Lizann. Good morning everyone and welcome to Infibeam Avenues Limited Earning Call to discuss the Q1 FY23 Results. We have on the call with us today. Mr. Vishal Mehta – Managing Director, Mr. Vishwas Patel – Executive Director, Mr. Sunil Bhagat – Chief Financial Officer, Mr. Purvesh Parekh – Head (Investor Relations), and Mr. Ravi – Corporate and Financial Advisors.

We must remind you that the discussion on today’s call may include certain forward looking statement and must be therefore viewed in conjunction with the risk that the company faces. We now request Mr. Vishal Mehta to take us through the company’s business outlook and financial highlights subsequent to which we will open the floor for Q&A. Thank you and over to you, sir.

Vishal Mehta: Thanks, Rajat. Good morning everyone. Thank you for taking time to attend our earnings call today. I hope you would have seen our presentation which has been uploaded on the exchanges as well as the company’s website.

We started with a great start in a strong performance in the first quarter of FY23 across all of our parameters, that we monitor. Our confidence and strength and scalability of our business model and our strategy to focus on merchants and bank for digital payments and providing them with differentiated business offering has been very rewarding. Over the years, we’ve always innovated well ahead of the curve, and introduced products which have been pioneers in the Fintech space. Our most recent launch, which is called tap on pay, CCAvenue TapPay, which was launched just last month is a revolutionary product, and it will be a game changer in the payment space. I will request Vishwas Patel to talk about it in detail.

I will briefly discuss the performance for the quarter:

We delivered strong performance in the standalone business, which is the core India payment business and the platform business. All of our financial parameters revenue, EBITDA and PAT were at a record high. On a year-over-year basis gross revenue has been up 95%, EBITDA was up 51% and PAT is up 137%. The performance has been driven by higher transaction processing volumes which we call TPV and increase in take rates in payments business. EBITDA as a percentage of net revenue has risen to 64% from 60% year-over-year which we had guided in FY21.

The total transaction processing volume which comprises of digital payments transaction processing, as well as what we process on government the marketplace has record high at 87,218 crores for the quarter. I would like to inform you that the TPV number that we report excludes the UPI payments, which contributes to single digit percentage to the payments transaction processing volume.

Another interesting point to note is that this is the fifth consecutive quarter of growth in gross and net decrease in India payments business just through payment processing alone. We have not yet undertaken any major monetization efforts. Gross take rates in India payments business were 78 basis points and net take rate came in at 6.9 basis points, which has been steadily improving since the second quarter of 2022 when it was 4.8 basis points. Both the payment and industry mix contributed to this increase in take rate. We have in the last quarter of Q4 FY22 disclosed that the share of credit options which is increased to 45% and that continues. We continue to maintain zero MDR payment options in single digit percentage of the overall transaction processing volume, while other options constitute the rest, which includes net banking, debit cards, prepaid instruments, NEFT, RTGS, et cetera.

As far as government e-market place is concerned, GeM has already crossed 50,000 crores on the 1st of August double the speed rate compared to last year FY22. As far as the industry is concerned, I'd like to highlight that outlook is quite positive. We believe payments transaction processing volume will continue to grow if there is a significant headroom and large untapped merchant and customer base, there are some legacy systems with banks and efforts by the government and the regulators to build on the sector in India to create financial inclusion. RBI through its most recent published payment vision 2025 report is aiming to triple the digital payments in India. Digital payments comprising of cards and prepaid instruments grew 35% to Rs.20 trillion and including UPI P2M, it grew to Rs.36 trillion up 70% year-on-year.

Given the first quarter statistics by RBI and extrapolating it for the full year, it is expected to cross Rs.50 trillion rupees FY23. Point of sale in e-commerce are expected to be equal contributors. Credit card trends are particularly encouraging, credit cards have increased to 7.9 crores in June of 2022 from 5.8 crores in March of 2020, which is the pre COVID level. Credit card value itself has shown a very strong averaging over Rs.1 trillion in each of the month in first quarter. It averaged around 60,000 crores monthly in FY20 the pre COVID period a growth of 67% in two years. We have been pioneers in our product offerings for online merchants over the last two decades and doing many of the industry firsts in the Fintech space. We want to offer differentiated product offering in our other segments also, we want to grow our market share in payments, by targeting offline merchants and generating higher cash flows and returns for our shareholders.

Vishwas Patel will throw a few pointers and provide some insights on this. We are focused on building a frictionless financial technology company in the digital payments space, which should provide a seamless and holistic digital payment solutions to merchants, along with access to

capital at a click of a button. Through our comprehensive offerings comprising of software platforms, payments and finance. We want to make the merchants digital, credible, and hence bankable and offer them financial services in the form of lending based on in depth data analytics that we generate based on millions of merchants and transactions.

I will now hand over the call to Vishwas for his comments. Vishwas over to you.

Vishwas Patel:

Thank you, Vishal. Good morning, everybody.

So, I will start with our new launch in the CCAvenue mobile app, which is the world's most advanced omni channel payments platform with TapPay, which is India's first pin on glass solution. TapPay for those who didn't attend our event. We have put a video on YouTube of our entire event of the launch including our corporate AV. CCAvenue TapPay is a breakthrough payment technology with pin on glass technology that will allow consumers to do transaction with an OTP even on amounts which are in excess of Rs.5000 limit set by RBI not just on the merchants phone but on their own phone as well. To this we are also introducing soon TapPay, CCAvenue TapPay as a payment option inside some of India's major merchants checkout page app.

Consumers can select it as a payment option and tap their card on the phone for an instant checkout without having to enter the card details or remembering CVV. Payment insurance in our country is sorted but RBI is payment vision can be achieved only by improving payment acceptance infrastructure and providing holistic solutions to merchants. And what we are aiming to do is just that, we are building a frictionless Fintech company, a comprehensive payment technology that will offer not only payment acquiring but payment issuance and all the related infrastructure. This will make us a core part of the entire payment ecosystem, allowing us to build a long term sustainable, profitable business and create value for all in the system. We are going to build this infrastructure in a twofold manner. One, we have an and are continuously engaging with a top banks to build top notch infrastructure for them that is not only scalable and robust, and two by offering CCAvenue mobile app with TapPay feature for merchants as an app for free to proliferate payments to deep across the India.

Despite tremendous success of UPI, MPCII has mentioned that its reach is about 250 million customers. The target is to reach around a billion people in India, and they say acceptance and credit structure has to be improved for deeper reach. This is where the CCAvenue omni channel app aims to address the challenge of inadequate payment acceptance of infrastructure and eliminate barriers to seamless digital adoption. For small businesses or large to the ease of deployment and its probability to make it the best choice from many use cases. Apart from it being zero and low cost. The future of digital payment is growth oriented, and a massive under banked population waiting to be covered. The value of digital payments is expected to reach three fold from 3 trillion today, to US 10 trillion by 2026. There is a huge opportunity for us to scale and capture that opportunity. There is also a huge opportunity for credit as a country's

credit staff with household debt that only 11% of the GDP when you compare with a mature market USA which is at 84%. 40% of the MSME credit in our country is still via informal channels. And that is where our lending platform trust Avenue comes in, which will allow the banks to lend and our merchants to get the loans through our next generation merchant data analytics.

Today, cash still accounts for 72% of the total consumer spending, there is more than 29 lakh crores of cash in the market. Our aim is to make our country a less cash society. We see the analysts and expects two out of every three payment transactions will be digitized by 2026. And the digital payment markets for person to merchant payments would be 2.5 trillion, from the 0.4 trillion in 2021. And B2B would become 2 trillion in 2026 from the 1 trillion in 2021. This all is very encouraging and we will strive and continue to grow as fast and as with next GeN technology to capture this.

Vishal with this would you like to add anything before we open up for Q&A.

Vishal Mehta: We've been growing at about 8000 merchants per day. And with a rich blend of offerings which will allow us to boost our earnings across millions of merchants all over Fintech solutions are also fueling our expansion to our goal of achieving a transaction processing value run rate of 7.5 lakh crore by end of FY24. We are on the trajectory and confident of delivering this kind of performance going forward. Thank you moderator we can now open the floor for Q&A.

Moderator: Thank you. Ladies and gentlemen we will now begin with the question-and-answer session. The first question is from the line of Anuj Narula from JMFL. Please go ahead.

Anuj Narula: So, my first question is in terms of the recent expansion to Australia, how much would be the investments and what are our growth aspects here and what sort of competition do we face in other international markets of UAE. Shall I ask the second question now.

Vishal Mehta: Sure.

Anuj Narula: So, my second question is with respect to TapPay, how much market share do we expect to capture with the launch of TapPay, and we plan to eliminate the POS machines and how much CAPEX would it incur any update on the e-commerce tie ups would also be helpful on this. Thank you.

Vishal Mehta: Sure, thanks a lot. So, I will take the first question and also give you some background of the second one as well. As far as Australia is concerned, you're right we have just announced an opening of our offices, and a fully owned subsidiary in Australia, we think it's a very large market. And, as far as the investment amounts are concerned, historically we've been forward investing in the international markets. And we see the ROI coming up in less than one or two years. Fortunately, we have got payment solutions, which are globally scalable. You see in payments, all the card networks as well as all the technology infrastructure that we have built

out. They've all been built out on a global scale we currently operate anyways, in UAE we are number two players in UAE. And we've also opened up Saudi Arabia and US. So, we believe that since technology is scalable globally, we have built out a model which is called country in a box. And that model allows us to create a team who can actually work on a country to be able to build out volumes and generate traction there. With the thing that we are very excited about as far as Australia is concerned is that it's a very digital savvy society. And with our new solution, which is the point that you brought out in your second question, which is TapPay, these applications can be provided to even small merchants as well as larger merchants in that region. So, as far as the investments are concerned, we believe that it will be sub 1 million in the first year dollars, it will be about seven to eight crores of investments that we will make in that geography this year. And we expect that we should be able to launch and generate good amount of traction, given that a lot of technology that we've been built out is built out for global scale and not just for India alone. I hope that answers the first question that you have.

As far as the second question around what is the opportunity for TapPay in India, TapPay is for the first time across India, this is the only application which has got pin and glass certification. So, what that means is that any transaction which is even above Rs.5000 can be transacted using TapPay, which is the only application which has this kind of approval across all the card networks. So, we expect that, we will be approaching, it's already live across many of the implementations, a few 1000 implementations have gone live already. And we expect that a large number of channels, OEM brands in the mobile phone space we believe banks as well as other financial institutions who want to cater to small merchants, we will be working very closely with this channels to be able to create a digital footprint for them, because for all these merchants, if they are digital, then they become credible, and hence they can get loans for their growth, we can give them wings to fly. And we believe that just because merchant cannot afford a Rs.10,000 to Rs.15,000 point of sale machine does not mean that we steal away the credibility from them. And so, acceptance like which Vishwas mentioned in his speech, acceptance is a very large problem in India, if you allow any merchants to accept any kind of payments, and that too without a piece of hardware, every merchant has a mobile phone or a smartphone, but every merchant may not have a point of sale machine. And if we are able to create that kind of an opportunity for merchants, we believe that it fulfills a large part of our mission that we built out this company for. So, as far as the opportunity is concerned we expect that we will be able to today 99% of all transaction that we process, are online transaction only, but in the coming two to three years, we expect that at least 25% to 30% of the transactions that we process will also include offline, which is through CCAvenue TapPay.

Moderator: Thank you. The next question is from the line of Rahul Jain from Dolat Capital. Please go ahead.

Rahul Jain: I just want to understand a couple of things. Firstly, on this net take rate that we have got in this quarter. It's slightly up now, so I just wanted to understand two reasons behind it one from a competitive landscape perspective that how this is going on a directional path, and how much of this is coming from the mix change advantage that we may have in some of the business?

Vishal Mehta:

Sure, so the take rates have improved, if you recollect in our prior calls we mentioned that as the industry mix changes, a lot of if you look at last year, and since Q2 of FY22, you will see the take rates improved quite a bit. So, since it was if you look at pre COVID versus now, most of the industries including travel, entertainment, everyone else, they've started coming up to speed. And if you recollect, I just mentioned in the prior question that all our transactions, 99% of our transaction processed are online. So, as offline picked up, online also picked up and since industry mix changes, that we've seen a much better take rate than what we had a year ago, we'd also forward communicated that saying that we expect the take rates to improve quarter-over-quarter as we go forward. The competitiveness in the industry is definitely there. I also mentioned that in our TPV, the transaction processing volume, we don't include the UPI based payments, which is actually single digit percentage of the overall payments, because that is not where we get over our commission. So, if you look at the overall perspective, we expect that the take rates will keep on getting better. As we go through and build up, the competitive intensity in the industry is definitely there. It's more so in the UPI part of the ecosystem. We expect that as we build out more and more feature sets, ones that allow the merchants to improve their own phrase and other opportunities, and make it part of our offering to merchants, it creates more stickiness, it creates better analytics, and it also allows merchants to become more successful. And we believe that as we keep on building that up, it makes it more and more tenable. See, we have also built out for the first time an omni channel solution, one that offers online and offline both. And for the entire 5 million large merchant base that we have, we would be wanting to offer this kind of an experience with a single console. At the back end, this is the only omni channel solution across the country where you can process your online transactions, offline transactions and get reported into a single dashboard at the backend. So, large chains, large institutions, large OEMs, we would want to tap into them. And given this kind of solutioning it makes it very easy for anyone to even buy online, written offline and do whatever they want to be able to achieve a better experience. So, we believe that in the next few quarters, we should see the take rates getting better in spite of competitive intensity.

Rahul Jain:

Just a small follow up on the same so, also if you could share some thoughts in terms of volume lead your ability to pull up better for you is that happening and in what kind of partners where you are able to see larger quantum lead ability to push for better pricing?

Vishal Mehta:

If you look at the competitive intensity, it is significant in this country. So, in other words, you have a lot of companies offering similar competitive rates, what we want to do is really go after the feature set and the stickiness that we would want to create with our Merchant base in terms of volume, which is impacting pricing ,what we realize is that we would want to pass the savings to our customers and our merchants to become more competitive in the industry. So, volume does give us some edge, we've already got significant amount of volumes passing through us, if we look at our projection by FY24, we expected to do a transaction processing volume of \$100 billion. So, as far as the volumes are concerned, definitely we are there and any volume related savings that we expect to achieve we will pass on to the merchants.

Moderator: Thank you. The next question is from the line of Gaurav Sharma from HSBC Securities and Capital Markets India Private Limited. Please go ahead.

Gaurav Sharma: Sir, a couple of questions from my end, since you will be entering into the working capital and invoice discounting so just wanted to know the timeline when it is initiating soon, and what will be the average ticket size on the same. And second is sir, like since some of the players, I hope that you will be providing the capital as well as the platform for the services. But on the other side, some platform based competitors, which are leveraging on the large bank customer database, they're tying up with the banks and providing, they're getting the benefit of huge customer base. So, how do you see that challenge of competition from them?

Vishal Mehta: Sorry, can you repeat the question you were slightly not audible I am sorry.

Gaurav Sharma: Okay, so my first question was, since you are entering into working capital and invoice discounting, so just wanted to know the timeline for the same, when you will be initiating the same and what will be the average ticket size we will focus that was one. And second is sir, some of the players, which are just throwing the platform for this services, they're leveraging on the customer database, of large banks having some tie ups and providing the loan. So, how you see the competition from them, since you will be using your own finance to provide the funds?

Vishal Mehta: For the onset, I'll tell you that we don't expect to put our own finance to and our own balance sheet, to be able to fund whether it is invoice discounting, bill discounting or any loans, what we will do is, we will act as a platform in every case, where we will be able to connect the merchant with the necessary financial institution, whether it's a bank or an NBFC. And we will be able to earn, a small piece of that transaction. But classic example is what you would see as a DSA, where you would earn a small fraction on every transaction is what we would want to cater to. So, as far as the strategy for us is concerned, our strategy is that we will work with very large platform implementations to be able to give that kind of an opportunity where merchants can avail loans from financial institutions. The two largest frameworks that we are essentially catering to in India, one of them, of course, being government the marketplace. We also have more than, a few million merchants of our own, that can potentially leverage the opportunity to get attractive loans and offerings. So, we are going to continue building up that portfolio. As you can tell, we already have cross more than \$500 million, in terms of our settlement loans that we give to our merchants. That's one more part of financing that we offer, which has already been very successful, and we have zero NPAs so far in that, literally. So, that we have a scientific approach to approaching this, we expect that for all the settlements that we do, we expect that maybe we will be able to cross more than a billion dollars of financing there. And then we will work with some of the implementations that we have, they already in terms of platform implementations, they already have a few billion dollars of GNV or TPV that they process. So, to your second point, which is, some frameworks can leverage our setups to be able to do this, that is anyways work in progress through our Trust Avenue framework. And we expect that in

any of these implementations, we will be able to help them process more than a billion dollars of loans in this coming year.

Moderator: Thank you. The next question is from the line of Amresh Kumar from Geosphere Capital. Please go ahead.

Amresh Kumar: Just one question from my side, you said that you will be not using your own capital to build this lending business. So, can I assume that you're not going for any kind of NBFC license in the future?

Vishal Mehta: It's reasonable to assume that in the near future, we would not be going for such licenses.

Amresh Kumar: Okay. And the second question is on this on tap technology. So, just trying to understand what is the pain point that you're trying to solve here for your customers. And are you trying to take away, do you think that it is the cost of the POS machines for your merchants which is the big problem for them or something else?

Vishal Mehta: I'll tell you, basically the objective is that merchants they have faced both in the online world as well as an offline channel of their own. And the one pain point that merchants face is that not all merchants have access to a point of sale machine, because you see, QR code based payments are different than card based payments. And, while some merchants may have QR codes, but not everyone has a POS reader, there are more than 700 million RuPay cards, which are out there. And if you look at the number of consumers in the UPI framework, there may be 150, 200 million. So, there is an opportunity for merchants to be able to accept payments in any shape and form. And if you're able to create an opportunity for merchants to accept payments across any channel, whether it is QR code based, Link based, whether it means card based, credit card, net banking, whatever you talk about, then it allows them to be able to cater to more consumers. Now, what we're trying to solve is acceptance for the merchants, which is merchants can and consumers can be issued a card, issuance is not as much of a problem. If there are 700 million RuPay cards, there may be more than a billion more cards. So, I don't think that issuance is as much of an issue, we expect that acceptance is going to be a bigger issue in India, which is what we are catering to and which we'd like to solve.

Now, the second part in this is, that if you are able to digitize most of the transactions for the merchants, and you provide an interface for them to be able to conduct their business online as well as offline, because right now there is no omni channel solution this is the second problem that we want to solve, which is that a merchant will have a different provider for online and a different provider for offline point of sale machine. And for a point of sale machine, they will of course have a cost of point of sale, then they would want to go and make sure that there's paper rolls, there is maintenance, there is internet connectivity for the POS machines, there are so many other issues that continue plaguing this industry. And what we would like to do is, to be able to offer an opportunity whereby whether it is pre bundled onto their phone, or it comes across as an application that can potentially just get downloaded and be able to use it, you can imagine

that there will be millions of Kiranas that can potentially benefit out of such an implementation. Even a QR code can be accepted onto the app and it is their own, they don't have to be limited by one POS machine there is no queuing. So, we expect that there'll be many, many more opportunities that potentially and use cases that can be solved using this. But from a macro level, what we would like to solve is two things acceptance on a very, very large merchant base that don't have access to point of sale machines, acceptance for all the merchants who have a point of sale machine but don't want to go through the maintenance and the hassles of being able to conduct your business. And an omni channel solution whereby there is better credit rating for the merchant that can potentially be offered a much larger opportunity to be able to take loans to grow their business. Because once you have both online as well as offline digital payment solutioning for merchants, it gives you a much better analytical position to be able to offer larger opportunities and loans to such merchants, which is what we'd like to solve.

Amresh Kumar:

So, very helpful here this explanation. So, do we have a tie up with a bank at the back end for rolling out this, this world's best as you say it payment mechanism or what are we trying to do here?

Vishwas Patel:

Yes, we do have. Every acquiring piece needs a bank, who has the tie up with a network. This we have launched in partnership with RBL Bank, we have our own acquiring been through which the bank has sponsored the card networks. So, we've launched it with RBL Bank. The whole idea here is that look, today the point of sale terminals, less than 5.7 million terminals for around 150 million SMEs in our country. So, point of sale terminals is not is very expensive 10 to Rs.12,000 as Vishal pointed out, giving them paper slips, training the merchants and imagine in a three or four city or a town in Arunachal Pradesh or Assam or Tamil Nadu or Orissa. So, it's very difficult to service, very difficult to hear. Here what we have given a solution is that, merchants most of the Kiranas have a phone, we are turning that phone into a POS terminal. And it's very simple and if we are giving them an all-encompassing +200 payment option, so it's not just the tapping a credit card or debit card, but it has also a static QR code, just like what you see printed on a Kirana today, where the any potential customer can just scan that QR and do the transaction, as well as it has an inbuilt sound box also. So, after the transaction, Kirana can hear that it's transaction is successful in multiple languages, which he is compatible with whichever local so what we are trying to solve here is that, not only grow the acceptance based from the current 5.4 million POS terminal to this 150, which is a huge opportunity, you want every street card vendor, you want every the use cases are enormous, though it has a user management so if a restaurant has around 10 or 12 delivery boys, all the 10 or 12 delivery boys on their phone can download the app and it is multiple users and the parent app can show all the transactions where the money is collected and notifications appropriately. So, use cases are huge. To see acceptance today, there are like I was sitting with a team there are more than a million schools in four states only which are not accepting fees online. So, payments acceptance is such like what is commerce, any product services sold and payment made. So, this kind of an app can help that enable. A student paying a tuition teacher that has to digitize the tuition teacher paying to a Kirana store for buying his biscuits or whatever that has to be digital, not go to an ATM,

withdraw cash and then pay the money through this thing to the Kirana. Kirana paying to it's distributor has to be done, distributor paying through the manufacturer has to be digital, manufacture paying his taxes to the government should be digital. So, all those, every leg of a commerce like is there. And if you make such an easy acceptance where your own mobile phone becomes a point-of-sale acceptance terminal that is a breakthrough transformative technology. If it is much cheaper and better, and more options than a physical POS. And it's more and more advance than a simple QR code pasted on a Kirana. So, it's a very transformative technology and we have quite gung-ho. We are India's first certified with pin on glass on this thing and you will see in the coming quarters, the take rate and other things, the acceptance of this solution.

Amresh Kumar: So, my last follow up on this is, very interesting this app is but one of the large competitors who has spent so much money in rolling out so many physical POS all across India. He would also be looking very closely at your application. And do you think that how much time it will take for them to copy this innovation?

Vishwas Patel: Sure thing yes, anything up build a couple of months down the line. They will also follow, copy and surely that's the case what we have always been leading for the last 20, 22 years like we have invoice that SMS, invoice 20 years back. But till then you also have to understand that we have the whole ecosystem ready. We have like 6.4 million merchants where we'll be rolling it out like if you say in hospitality, we have Taj, Oberoi, ITC, Lemon Tree and another 2000 hotels. So, these hotels were these merchants are already on boarded on us, KYC done. So, these are the first low hanging fruits that who will be going and offering where we are offering all our solutions now and doing deep integrations with their existing systems since we know this merchants and their track record with us. So, having an ecosystem similarly Yes, when they come, they might go to their merchants but since we are first, there is a first mover advantage. So, let's see how it pans out.

Vishal Mehta: I will also add to that, that we are somewhat built as a payment infrastructure company, not a payment provider alone. So, what we do as a payment infrastructure company is given to merchants that we have. And we also give the framework to banks, some of the banks including Kotak Bank all pay as well as us HDFC Solutioning, comes to us. So, as we are built out more, as in US there is a company called Stripe, which is more of a payment infrastructure, not just a payment solution provider. So, we are really going to give our offering and our framework to many of the merchants that are already on our platform, the millions of merchants that Vishwas talked about, but also to the ecosystem that we cater to.

Moderator: Thank you. The next question is from the line of Unnati Bhavakar from KRChoksey. Please go ahead.

Unnati Bhavakar: So, even these NDTRs is whatever started later on. So, I have a couple of questions on the financial side, and then also want to get some understanding around what is the share of all these new businesses to the total revenue. So, we've been talking about the TPV is going very strong,

and they have been very strong, approximately 100%, kind of year-on-year growth is visible in the last four quarters. But then do you believe that in the first quarter of 23, this last quarter, the quarter-on-quarter growth has kind of slowed down and what could be the reason for it. And secondly, on the NTR side, the NTRs have been moving up for the past three, four quarters. And that's really great but, why is it not resonating in the gross margins because gross margins are still volatile if they are not in line with the NTRs improving. So, that is the second question and third, is express settlement that you've been talking about is that really doubling up, tripling up, wherein you don't have any kind of credit risk. So, what kind of margins do you make on it and what kind of a share do you have of it in a total revenue as of now, if it is a sizable revenue as of now you can share it and secondly, also, what is the share of the overseas revenues overall to the total revenue and do you make better margins over there compared to the domestic revenue?

Vishal Mehta:

Sure. So, I will take a few questions and then Vishwas can add in. As far as the overall quarter-over-quarter growth is concerned. We have been somewhat slightly marginally better in terms of the digital payments space and as far as the government e-marketplace is also something that we cater to. So, that should also answer some of the margin questions as well that you have as much. So, usually, Q4 is a very large quarter for gem and others, and you will see that Q1 also there is significant traction, but not as much as Q4, Q4 may there's usually a 40%, 50% increase over the other quarters, but this time around, it continued on in the first quarter as well. And as a result, you will see that there is a marginal, improvement both in terms of overall, Q1 last year versus Q1 this year, because in the first quarter alone gem was able to perform 50,000 crores worth of by August, August they did 50,000 but the Q1 was also very strong. So, we expect that this trend will continue on in the subsequent quarters as well, both in digital payments as well as the infrastructure that we provide from the platform perspective. So, that is one reason why you would see that quarter-on-quarter, you would see a little bit of growth and some dip in certain parameters. But, that's been very strong compared to the first quarter of last year, and normally if you look at it, Q3 is the strongest quarter for digital payments because of the holiday season. So, Q1 and Q2, you will see growth and Q3 there is a phenomenal growth, Q4 so, we have some other seasonality, but it's somewhat because of the underlying growth in both the platform that the payments business that you don't see the impact this year, and we expect that it will continue on for the remainder of the year. So, again, it's reasonable to expect that Q3 will see a significant improvement as well in the digital payments business compared to the first two quarters of 23.

As far as the stake rate is concerned, I've explained in earlier question as well, we think that the take rate is actually going to keep on seeing improvement in the digital payments business. Because of the fact that the mix has changed, pandemic is behind us. Short of any uncertain event that happens around pandemic, we expect that they should continue on building up for the remainder quarters this year. International as a part of our business is less than 10% of our overall revenues, but internationalist significantly growing. The take rates in international definitely are better compared to the take rates in India. Many a times in the international geographies we record only the net take rate and not the gross take rates. Because of certain specific rules that

apply to specific countries whereby we are able to position it as a net take rate and crores. But, we expect that international in the next two to three years should be at least 30% of our overall business. So, as we increase our GMV, it's reasonable to assume that international will be at least 30% of the overall business that we cater to, with take rates as well as opportunity because the vision that we have for digital payments is contactless and borderless. And if we take that vision, and we work towards achieving that vision of ours, then we would want to make sure that anyone who is in any country given the regulatory approvals, as well as all the compliances should be able to transact through the banking channels without actually any friction. So, international is a significant opportunity for us. Fortunately, our entire payment infrastructure framework is built out in such a way that it is globalized. We don't have to build out for the region. Everything is horizontally scalable, as well as globalized. And all of our relationships with card networks and everything else are also global in nature. So, we think that with this kind of a vision of borderless and contactless we should continue building up. So, hopefully that answers the question that you have asked, if I've missed something you can let me know.

Unnati Bhavkar: Yes, about the excess settlement as in where it has reached in terms of its contribution to the overall revenue. And also, what kinds of gross margins do you make on express settlement?

Vishal Mehta: I will tell you, we don't segment gross settlement out the expense settlement, is a separate line item, we have opened it up to a select set of merchants, actually to be very precise it is less than 5% of our Merchant base, that we have opened the express settlement to, and in the last several quarters, we wanted to track and trace it and we are happy to let you know that we've got zero NPA so far, in terms of express settlements, while we have processed a few \$100 million of settlement. Now in terms of express settlement. So, the opportunity to expand it is significant because 95% of our merchant base can still be provided with this kind of an opportunity. In terms of contribution, I can tell you, while I don't have segmental for you but what I can tell you is, that it's reasonable to assume that we make about anywhere from one to three bps a day.

Unnati Bhavkar: And as I spoken about the, so what I meant to ask again is that, while the NTR are improving, when do we see the impact of it reflecting in on a regular basis or on a consistent basis, because right now although the NTR has improved to 6.9 basis points, the GPM have kind of come down to 17.6% kind of levels from 0.6% in Q4. So, can you just give us an understanding around how do you see this trajectory or GPM will be like going forward?

Vishal Mehta: So, in terms of, if I repeat your question in terms of gross margins, is that your question, where do you see the gross margins

Unnati Bhavkar: Yes.

Vishal Mehta: It's reasonable to expect that we will continue to invest in places, which have a potential for us, we are optimizing for the long term. And you'll appreciate we don't optimize for a quarter. But we expect that, about four, five quarters ago we mentioned that we should see an improvement in take rate, we have a strong assumption and we validate our assumptions. And we want to

make sure that we can continue delivering on that with the line of sight. So, in terms of stabilization and improvement, it's reasonable to expect that, while we will invest in certain areas, which includes the CCAvenue TapPay and others, which have a huge potential for us to be able to offer a very differentiated positioning, those margins will be similar or slightly higher going forward. We think it's a shot of uncertain event like a pandemic.

Purvesh Parekh:

Let me just one point, I'd like to add here Purvesh here. Gross margins for our India payments business has actually improved on a quarter-on-quarter basis. With the 19% increase that you've seen in the net take rate, the gross margins have also improved in the payments business. And overall, the 90% of our core business, which is our India payments and platforms, which we're recording standalone. There also, if you see the gross margins have improved and the EBITDA margin itself has gone up to 64%. So, there's a significant improvement here with respect to the operating profitability as well and at the next margin level.

Moderator:

Thank you. The next question is from the line of Ayushi Shah an Individual Analyst. Please go ahead.

Ayushi Shah:

I have two questions. And my first question is regarding the capital raising plant as a company. So, my understanding is that we have around 208 crores as cash balance currently, and we incurred around 62 crores of amortization expenses as of March 22, which is actually a non-cash expense. Now in the press release issued yesterday, it will stated that because Infibeam's major CAPEX cycle is behind them, the company is now focusing on our focused growth strategy for the next three, five years. So, to understand why we would need to raise funds at all if we are in your words, consistently converting EBITDA into free cash, and are almost a debt free company. So, if you could throw some light on that?

Vishal Mehta:

Sure Ayushi. So, in the past, we have mentioned that, we have a significant opportunity to work on the express settlement piece, which may require certain amount of working capital. Express settlement is zero NPA and in that what we are doing is to be able to offer merchants and opportunity to get the cash faster, when they process through us. When we open up the offline space, as well as online space, that becomes one place that we think could be a potential. Second is that as far as our platform business, we think startups is a huge opportunity in India. And selectively we will evaluate making investments in such startups that allow us to strategically, open up and expand our own horizons. There are a lot of things which are slightly experimental in nature, but our internal buyers just so that is always to build and not to buy. But when we find something which is very interesting, which allows us to expand our opportunity, then we will collectively make investments. These are a bold, calculated bet, one that potentially allow us to grow. Historically, also we believe that we have made such opportunities viable. If you look at Go Payments, which is one of our subsidiaries. If you look at Uvik, which we did last year, which has actually resulted into the CCAvenue TapPay, the transaction size was about 75 odd crores and we were able to offer a very differentiated play. So, our perspective is that, yes we are very happy that we are in this position where we have a business model that generates returns

and is profitable. But we also want to make sure that we continuously innovate and we want to get the right people with the right framework and built in technology, which can strategically improve the offering that we have, which is the reason why we would evaluate opportunities from time to time.

Ayushi Shah: Sir just to get some more clarity on that, so basically the capital raising funds will be for hiring new employees, as well as for new investment opportunities?

Vishal Mehta: Yes, it's reasonable to assume that, so it will be for investments and growth.

Ayushi Shah: Alright. Okay sir and sir my second question was that being an investor in the company that I'm highly interested in its growth, and that we are progressing by leaps and bounds in almost every segment, we entered be it gems or payments, but the growth hasn't really reflected in the market cap. Now, the shareholders are therefore not benefiting from the company's advancements. Sir, so what is the reason behind this lag in market cap growth, I'm not saying that like the promoters buy shares of the company or anything, but why don't we get any big reputed investors on board or is that a like a strategy behind keeping the market cap at this level?

Vishal Mehta: So, I would let you know that we of course as an investor we also want that our investors make good returns. And, I'm also an investor in the company. So, I share the sentiment that, yes we would want to actually do much better in terms of the performance, but you see it's a market and the market will of course report based on execution. So, as we continue to execute, our focus has always been to execute. And as we continue to execute, we hope that the markets will see through it and be able to reward the performance of execution. Historically, we have not been focusing too much on optics, but more on execution. So, but selectively now we are also looking at trying to talk to people about what we do and not sell or convince any of the things that we do, but our performance should show up, while they maybe latencies both ways in execution and market, we expect that they should correct itself as we build out going forward. There is no strategy by say, we don't participate at all in these discussions. As far as, the opportunity for the growth as well as opportunity to look at international growth as well we selectively evaluate opportunities from time-to-time. And for the right reason, I'm sure that the Board will make the right decisions.

Moderator: Thank you. The next question is from the line of Anil Nahata an Individual Investor. Please go ahead.

Anil Nahata: I have a couple of questions, one is to understand slightly better, if you look at the net take rate and the transaction process volume at a net revenue level it reaches to somewhere around 59, 60 crores so there is a delta of 14 crore to net debt revenue there. Similarly, it used to be in the earlier quarters slightly higher than this, I just need to understand what is this business, the delta 14 crores, which used to be slightly higher and where are we heading in margin terms on this business?

Vishal Mehta: We are a payment infrastructure company, and not just payment solution provider. So, whenever we provide infrastructure to some of the companies and banks and many others, I mentioned that we want to provide opportunities for them so that you can reach out to the larger ecosystem. So, there are certain things like, Kotak Allpay that goes through Kotak Bank. Banks cannot offer all different payment options to their users. And so what we do is that, we allow them to build upon our solution and provide it to merchants. And, let me be one of the reasons why you would see, whatever that small delta is in terms of the processing volumes. But that can come back to on exact specifics, we don't want to enter the numbers. So, that is one reason why you will see because, you can think of us as more of a stripe, there's a company which is based in the US they not only provide their own solutioning, but they allow others to build up on top of their own platform frameworks. And as we continue evolving, we want to continue building up in that format, because while channels will compete with each other, we want to be the backbone provider of the channels and you will expect that, that should continue being our focus going forward, there are lot of API's that have been opened up, and one can build out innovative solutions on top of our API's. And, we think that that must be perhaps what you're referring to, if you have any other questions, I can get into the specifics.

Anil Nahata: So, maybe I will take it offline, with your investor relations team and understand this slightly better. So, that is one point. On the second side, I have a couple of questions, you have given a guidance for the revenue, net profit and all that. And I believe the way you're setting up you're going to blow past that revenue targets any which way. One of the questions I have, and that is the most interesting area that you have spoken about in the last two calls and I also believe it to be same, is this TapPay thing that has been launched now. What kind of internal benchmark if any if you can share are you expecting this business to grow to over the next like four quarters. Any kind of a range that we can think of that this is what is the vision that you are looking at?

Vishal Mehta: Yes, so TapPay is the solution that we've launched recently and there are two things that will happen. We believe in the next few quarters one is, the number of cards that have been issued, which are going to be NFC enabled, it should get to maybe 70%, 80% in the next 12 months. Because historically, not all cards were not NFC enabled and we expect that in our discussions with card networks and card providers, our expectation is that in the next six to 12 months, India will be a society where any card which has been issued will be NFC enabled. So, there is going to be a transition, even for cards that are non-NFC enabled to becoming more and more NFC enabled in India. Number one, number two that, as we built out for merchants, there will be the merchants that don't have point of sale machine. Those are very, they're watermelons on the ground. And we can offer such solutioning to such merchants. And for merchants who are using our platform at the moment, because they are anyway processing through us. Those the ones which are quick wins for us. In terms of the processing volume, like I said, 99% of all volumes in Q1 in fact 99.5 above were all online transactions. Offline market is a larger market in many ways compared to what online does today. And while online is increasing at a rate which is much faster. So, we expect that there's going to be a crossover, but Vishwas mentioned that 72% of the transactions even today are cash based. And so, if you're able to offer a solutioning which

offers all these different elements, it makes it very worthwhile. So, this year, our target is that in a single digit percentage transactions will be through CCAvenue TapPay. And next year, in the year after we expect that about 30% of the transactions will be definitely through the offline channels.

Anil Nahata: 30%?

Vishal Mehta: Yes. All the transactions that we process will be through CCAvenue, because see what TapPay does, is it somewhat morph the line between offline and online. Fundamentally, it's a point of sale machine, which is more like it's a, think of it like a soft point of sale solution, but it's on the phone with all the security and all the features whichever built out which will be approved by all card networks, through authentications, and many other means. So, we expect that, I'm not sure whether you followed but there's an event which is online, you may want to perhaps we'd love to, my investor relations will reach out to you. But that's where we have a unique solution and it's patent pending, we file for a patent whereby, a consumer can make a payment while they're on a website, shopping for an airline ticket, they can tap their own phone and make a payment, which is the first in the world. Nobody has done that, if you are in an online website. And if you are shopping for a ticket, you will be able to tap your own phone and make the payment which will go through online. So, that is something that we have just recently patented. And we would want to, so that's where I said that offline will become a significant portion when CCAvenue TapPay that is a better way to place it. Check out to through us will be.

Anil Nahata: Absolutely agree and when we see many, many places where there are multiple servers but they have one or two machines like restaurants like all these petrol pumps, these are natural target for TapPay, each of these people have a mobile phone, all of the, all the servers in restaurants and all of them can be a label and they can move away from POS machines to this thing. So, I can understand logically also this is an extraordinary opportunity and all the best for it.

Moderator: Thank you. Ladies and gentlemen due to time constraint, that was the last question. I now hand the conference over to the management for the closing comments.

Vishal Mehta: Thank you all for your participation. And we look forward to getting comments and suggestions from you every now and then, we'll keep you updated on the progress. Thanks so much.

Moderator: Thank you. Ladies and gentleman on behalf of Go India Advisors, that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.