

May 28, 2025

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

Sub: Transcript of Earnings Conference Call for the quarter and year ended March 31, 2025

In compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Investor/ Analyst conference call on financial performance of the Company for the quarter and year ended March 31, 2025 conducted on Monday, May 26, 2025, after the meeting of Board of Directors, for your information and records.

This transcript is also available on the website of the Company i.e. www.ia.ooo.

Kindly take the same on your records.

Thanking you,

Yours faithfully,

For Infibeam Avenues Limited

Shyamal Trivedi
Sr. Vice President & Company Secretary

Encl.: As above

INFIBEAM AVENUES LIMITED

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“Infibeam Avenues Limited
Q4 & FY '25 Conference Call”
May 26, 2025



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

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

Moderator: Ladies and gentlemen, good day, and welcome to the Infibeam Avenues Limited Q4 and FY '25 Conference Call hosted by Go 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 star then zero on your touchtone phone.

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

Rajat Gupta: Yes. Thank you, Rutuja. Good evening, everyone, and welcome to Infibeam Avenues Limited earnings call to discuss the Q4 and FY '25 results. We have on the call with us today, Mr. Vishal Mehta, Chairman and Managing Director; Mr. Vishwas Patel, Joint Managing Director; and Mr. Sunil Bhagat, Chief Financial Officer. Also joining us on the call today is Mr. B. Ravi, who is joining, who's advising Infibeam on corporate and financial strategy, as an independent consultant.

We must remind you that the discussion on today's call may include certain forward-looking statements and must be, therefore, viewed in conjunction with the risk that the company faces.

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

Vishal Mehta: Thank you, Rajat. Good afternoon, everyone, and thank you for joining us. I'm thrilled to welcome you to Infibeam Avenues Q4 and FY '25 earnings call. It's a milestone moment as we close the year of an extraordinary transformation, and we look ahead to an even more ambitious future.

FY '25 has been a defining year of transformation for Infibeam Avenues. It was not just a year of growth. It was a year where we redefined who we are. We evolved from being a digital payments company into a multi-vertical technology powerhouse operating at intersection of fintech, artificial intelligence and digital infrastructure. I'm happy to announce that we have achieved our financial guidance for the year.

We have delivered a robust growth across all our key metrics. Our consolidated gross revenue for FY '25 stood at INR3,993 crores, reflecting a significant increase from previous year. Our net revenue reached INR526 crores and our profit after tax surged to INR210 crores marking a 42% year-over-year growth.

We are strengthening our capital base for future growth. To fuel our ambitious growth plans, our Board has approved up to INR700 crores of rights issue, this capital infusion will accelerate our strategic initiative, including, one, RediffPay. We are rolling out to our customer-facing digital payments platform. Second is Infibeam Quantum Edge expanding our AI and data center infrastructure.

And third is international expansion, scaling our payments infrastructure in key markets. The rights issue will underscore our commitment to inclusive value creation, allowing our existing shareholders to participate meaningfully in our next phase of growth.

We are happy to announce that we've redefined our brand identity. We have unveiled a new logo and a brand identity that encapsulates our vision to lead at the confluence of fintech, AI and digital infrastructure.

The dynamic ribbon like design, infused with vibrant hues symbolizes agility, innovation and digital connectivity. The distinctive dot on the eye in Infibeam represents our India first philosophy, reaffirming our dedication to nation development through homegrown digital infrastructure and technology innovation.

We have revolutionized payment merchant payments with CCAvenue SoundBox. Our CCAvenue SoundBox has gained significant traction among retailers across India. This device offers dynamic QR generation, tap-to-pay features, omnichannel integration and compatibility with ERPs and social commerce platforms.

In Q4, we onboarded about 50,000 new merchants, bringing our total merchant base to over 1.2 million. We are empowering consumers with RediffPay. Our subsidiary company Rediff.com India Limited, has been granted a third-party application provider license, which is called the TPAP license by NPCI for our digital payments platform RediffPay.

This license enables us to offer UPI services marking our formal entry into consumer-facing digital payment sector. RediffPay is not just about payments. It's a gateway to broader digital financial services ecosystem including credit, insurance and wealth management solutions.

We are also introducing RediffOne for SMBs, which is small and medium businesses. RediffOne, which is our cloud-based enterprise suite for small businesses and merchants integrates ERP, CRM, HRMS tools for our payments platform, providing a comprehensive digital operating system for India's underserved small and medium businesses segment.

We are scaling internationally in the GCC region. Our expansion in Saudi Arabia is well underway. We have gone live with key clients such as VFS Global, Nissan and Infinity. We are also in active conversations with other large enterprise accounts. Our PTSP license from SAMA and locally hosted infrastructure provides us regulatory readiness and operational scalability.

We anticipate international revenues to comprise about 20% to 25% of our top line over the next couple of years. We have pioneered Agentic AI with Phronetic.AI. Under our dedicated AI division, Phronetic.AI, we are developing a groundbreaking global marketplace for artificial intelligence agents. This platform will enable developers, enterprises and everyday users to build, buy, sell and operate autonomous AI agents without writing a single line of code.

We believe Agentic AI is the next major technology shift, and we are positioning ourselves at the forefront of this transformation. We are launching Infibeam Quantum Edge. Our Quantum Edge initiative involves deploying small-scale distributed data centers starting with the 2-megawatt unit. These centers will host our AI framework and support real-time computing use

cases. With an expected ROI under 24 months, we already have demand visibility for upcoming locations.

In summary, we are building a future-ready ecosystem. As India progresses towards the INR3.5 trillion digital payments economy by 2029 and with cloud infrastructure demand surging, our integrated approach of fintech, AI and cloud positions us uniquely to lead and innovate. Our strategy focuses on building enduring platforms with scale, stickiness and superior economics over time. Thank you all for your continued support.

I will now hand over the call to Vishwas Patel to walk us through payments business and operational highlights for the quarter. Vishwas, all yours.

Vishwas Patel:

Thanks, Vishal, and good afternoon to everyone on the call. Q4 FY '25 was nothing short of accelerating for our payments business. Despite intense competition in the Indian digital payment space, Infibeam Avenues powered ahead innovating relentlessly, scaling faster and strengthening our presence across both Indian and the Middle Eastern markets.

The CCAvenue Smart SoundBox has been launched to disturb merchant payments. So let's start with one of the biggest success story for us this year. The CCAvenue Smart SoundBox. This isn't just a QR code speaker or a full-blown -- it's a full-blown fintech device. Dynamic QR, tap-to-pay cards, NFC, audio transaction alerts in multiple languages, all directly integrated with the CCAvenue merchant accounting and reporting platform.

In essence, the people who are just using a bland speaker box today are graduating to accept all kinds of payments through our CCAvenue Smart SoundBox. So what's exciting is that the adoption is surging across Tier 2 and 3 cities where merchants are hungry for simple and powerful tools that consolidated multiple payment options in one sleek device.

And since now the lines between the online and offline are blurring, and it's an omnichannel solution. So today, we have aggressively onboarded over 110,000 new merchants in this Q4 alone, taking a total merchant base to 1.2 million. We are adding thousands of merchants daily and our focus in India's long-tail MSME is unlocking immense value and volume.

Smartphones is card machines. So we have introduced CCAvenue TapPay. It's a bold step towards democratizing payments, TapPay within our mobile app. So from now any Android phone has become a contactless card terminal. No additional hardware required. This is game-changing and for micro entrepreneurs and gig workers, offering them a frictionless, low-cost part to digital acceptance of all kind of payment options, be it UPI or cards.

So using CCAvenue online payments, we are powering convergence globally. Online CCAvenue remains a high-performing engine. Constantly evolving. In Q4, we integrated Google Pay and for our Gulf operations, we have added Tabby and Tamara buy now, pay later options in that market, meeting the region's rising demand for flexible payments. These additions are driving higher checkout success rates and boosting merchant sales.

CCAvenue is India's the leading digital debit processor. So we continue to lead as India's largest direct debit processors. With the onboarding of Bassein Catholic Co-Operative Bank, we now

support direct debit through over 60-plus banks a testament to a deep rated banking relationship as well as our innovation to connect to direct core banking solutions of so many banks.

CCAvenue's GCC expansion, Saudi market picking off. So our international strategy is gaining serious momentum. In Saudi Arabia, we are now live with marquee clients like VFS Global, Nissan, Infiniti Motors, and it's backed by SAMA, the Saudi authority -- monetary authority -- Saudi Arabia Monetary Authority approved PTSP license and fully local infrastructure. This is just about big names. It's about recurring volume that we are building and our merchant pipeline in sectors like aviation, e-commerce and government is rapidly growing in that region.

Saudi Arabia, UAE and Oman are now our core growth territories. We are investing aggressively to win them. We had a record merchant acquisition, as I explained earlier. It's a multi-sector expansion. In Q4 FY '25, we added 110,000 merchants. And for the full year, we grossed 420,000 new merchant onboardings, that is up 35% compared to financial year '24. So from hospitality to business, health care to logistics to real estate to MSMEs, our omnichannel strategy, blending online, offline and billing continues to resonate and especially with the unserved small and mid-sized businesses.

Our BillAvenue solution is targeting digital utility payments and deep rural penetration. Our BillAvenue platform processed over INR12 crore transactions in FY '25, with the volume climbing steadily in Q4. What remarkable is the growing agent activity in rural and semi-urban areas, a reflection of our platform simplicity and massive bill coverage. We are making digital utility payments truly universal.

Our ResAvenue' solution is empowering hospitality with AI. In hospitality tech ResAvenue is picking up pace, integrated AI-based revenue optimization tools that helps hotels fine-tune pricing and maximize occupancy. Our transaction volumes in this vertical rose by over 28% year-on-year. And we are working closely with hotel chains to expand the rollout of smart pricing features.

So in summary, we are building an intelligent scalable payments ecosystem. And at the heart of it, is an unwavering strategy, omnichannel, AI enhance infrastructure back fintech solutions that grow with the merchants. Whether it's hardware like SoundBox or a mobile features like CCAvenue TapPay or enterprise tool like CCAvenue MARS or a B2B solutions, we are creating a payment stack that is future-ready and deeply embedded in the India and GCC digital fabric.

And as Vishal said, while we are front-loading investments in AI, Rediff and cloud infrastructure, these are strategic long-term bets that will create strong defensible moat around our businesses.

With that, I'll now hand it over to our CFO, Sunil Bhagat, who will take you through the financial performance of the quarter. Over to you, Sunil, bhai.

Sunil Bhagat:

Thank you, Vishwas, sir, and good evening to everyone. I'm pleased to share the financial highlights for the fourth quarter and full year FY '25. In quarter 4, we delivered solid double-digit growth in both gross and net revenue, which is supported by a balanced mix of gross and net revenue and both recorded healthy growth on a year-over-year basis.

Our expansion in online and offline payment volumes, deeper penetration across MSMEs and rapid merchant onboarding were the key contributors. Our net take rate continues to trend upward, reflecting stronger monetization, favorable merchant mix and effective pricing strategies across our platforms. This improvement directly fuels our growth in net revenue and operating profitability, making our growth not just faster, but smarter.

For quarter 4, our gross revenue saw an impressive growth increasing from INR716 crores in quarter 4 FY '24 to INR1,160 crores in quarter 4 FY '25, reflecting a strong upward trajectory. Our net revenue also showed a notable year-over-year increase of 28%, rising from INR105 crores to INR135 crores in this quarter. Our net take rate continued its upward trajectory, improving significantly year-over-year from 9.2 basis points in quarter 4 FY '24 to 10.6 basis points in quarter 4 FY '25.

This steady enhancement in take rate has been a key contributor to the growth in our net revenue, operating profitability and bottom line performance. Our EBITDA for the quarter saw a growth of 25%, reaching to INR78 crores in quarter 4 FY '25, up -- which is up from INR62 crores in the same period last year with our EBITDA margin of 58% as a percentage of net revenue.

Our profit after tax stood at INR50 crores in quarter 4 FY '25, which is reflecting a 53% year-over-year increase. If we consider the full financial year -- for full financial year '25, our gross revenue show an impressive growth, increasing from INR3,150 crores to INR3,993 crores in FY '25, which is reflecting 27% increase.

Our full year net revenue also showed a year-over-year increase of 25%, rising from INR419 crores to INR26 crores. Our full year EBITDA also saw a growth of 23%, reaching to INR312 crores in FY '25 as against INR254 crores in last year. Our annual profit after tax stood at INR210 crores in FY '25, reflecting 42% year-over-year growth.

Though the revenue from Saudi Arabia is only starting to show up in this quarter's numbers, we anticipate a meaningful uplift in FY '26 as large clients like VFS Global and Nissan and others can ramp up volumes. With local infrastructure in place and compliance secured, we are poised for accelerated growth in the region.

We have maintained a strong cash-rich balance sheet with prudent capital management. As we prepare for FY '26, we are finalizing plans to strategically invest in expanding our data center infrastructure under the Infibeam Quantum Edge initiative, a move that will enhance our AI capabilities and long-term cost advantages.

In closing, FY '25 was a year of building momentum and laying a scalable foundation. And as we step into FY '26, we remain focused on expanding our merchant base across India as well as GCC, accelerating monetization through AI-powered platforms, strengthening recurring revenue streams across verticals. We are committed to profitable growth and long-term value creation, not just for today's market but for the digital economy of tomorrow.

With that, I would like to hand over the call to moderator for question and answers.

Moderator:

The first question is from the line of Deepesh Sancheti from Manya Finance. Please go ahead.

Deepesh Sancheti:

Okay. Now my first question is regarding the Infibeam Quantum Edge and Phronetics AI. What is the pricing model subscription and consumption base or bundled -- or is it bundled with the fintech service? I mean, where do you see the biggest early monetization opportunities?

Vishal Mehta:

Sure. This is Vishal. I'll take this. See, basically, if you recollect a few quarters ago, we decided to build out VLLM models, which is video large language models. And that particular opportunity was catered towards 2 basic areas. One is hospitality and gas stations where AI is not just able to identify an object, but AI can actually identify a scene and identify even activities within the scene.

A typical example of this would be that in a gas station, if there is a video LLM model sitting with CCTV cameras, then it cannot just identify which vehicle has come. It can also perhaps get information from dispensation data on gas stations or how much fuel has been filled and it can perhaps work with wallets to be able to take the money out of the wallet without actually a requirement for a QR code or any other card type.

Similarly, in hospitals also, it was perhaps used to monitor certain patients, critical care patients, more with visual representations and specifically in areas where you would perhaps have one hospital agent caring over multiple patients, specifically in ICUs. So that was the basic use case, and it was an enterprise solution. That enterprise solution, we were able to secure more than \$1 million contract. It was good, but we thought that, that was not -- it was still an enterprise scale -- enterprise sale, which means that we had to spend an effort. Fortunately, we did apply for a patent there and we were able to apply for the patent in USPTO.

So the monetization model was an enterprise sale model, which was sitting on top of existing infrastructure with no reason or no requirement to change any hardware, which means the existing hardware, whatever disks, whatever hardware has been utilized, no changes in any hardware. And using a screen share, we will be able to pick up all this information, and that is what our patent application was.

So the big differentiator there we made was that you don't need to have any hardware -- dedicated hardware or change in hardware, specifically even in practically any DRM, anything that you chose. Beyond that, we started working on an Agentic AI framework. An Agentic AI framework is more around being able to have agents monitor rather than humans monitoring specific activities.

And that is where we think the larger opportunity lies because if you build Agentic AI capability positions, Infibeam is not just a fintech company, but an AI-first fintech infrastructure provider. Something that very few in India, or in fact, in certain cases, Middle East and many other geographies are doing at scale.

So the model there is a business -- there is an enterprise model and a consumer model. Developer -- it's a developer platform. So developers can develop their own agent and then they can deploy the agent for their own use cases or somebody else's use cases.

And if you look at online, there is an enterprise pricing model, which will come -- it's in beta, it's rolled out in beta. So there's an enterprise pricing model, and then there's consumer model.

Consumer model is for a certain number of queries, it's free beyond which the consumer starts paying for it.

Deepesh Sancheti: Okay. So can you throw some more light on the AI agenting and will that be a model which will be available to everyone? Or as you said that it will be available for the consumers only for a fixed number of queries?

Vishal Mehta: For free, yes. So which means that for a certain number of queries for the consumer, developer will own the model, which means that it's a developer platform. If you were a software developer or even if you're not a software developer, if you can actually deploy, install and deploy the model practically in a matter of a few clicks, a few of the models have been deployed on agents.rediff.com. So in other words, you can think of it as every skill of a human being is actually an agent. You can think of it as an SEO agent, a legal agent, everything is an agent.

And theoretically, we believe that, that is the way the world is going towards. So what we have done is we have not -- rather than creating agents, we have created a developer platform where developers can create agents. And even if you're not a developer, you will be able to build your own agent. You can try it out as well as of today.

It's in beta, but you can build out your own agent and then, of course, upon approval, once it's approved, it will go into a marketplace, which is the Rediff marketplace. It can be implemented in any marketplace, practically speaking, as long as we are integrated into that marketplace.

Deepesh Sancheti: So who is having this agent? And will it be a property of Rediff? Or will it be a property of the developer?

Vishal Mehta: Developer will own the property. Rediff is a publisher. So in other words, when consumer starts paying for that service, that is when a typical marketplace does get revenues out of that. So in other words, the property -- the agent is a property of the developer and the developer platform.

Deepesh Sancheti: So how does Rediff monetize this?

Vishal Mehta: When the consumer starts paying beyond a certain queries or if an enterprise wants the agent to be able to summarize e-mails or because Rediff is a large enterprise client, and they've got thousands of companies. And if the agent is deployed within the e-mail client for an enterprise to do many more activities, including device management and others, that's when Rediff gets paid.

Deepesh Sancheti: Okay. So it's not possible that a developer develops his own agent and takes it out of Rediff? That is not the...

Vishal Mehta: They can do that, but there is different commercials for that. So the development -- developer platform will work with the developer to enable that. So Phronetic in this case will work with the developer to enable it.

- Deepesh Sancheti:** Phronetic, okay. Great. And do you envisage having B2B, B2C embedded financial model through your merchant base offering credit to end users or vendors, merchants on your platforms? What is the infrastructure which will be required to support this?
- Vishal Mehta:** If the question is that are we enabling credit using our merchant base. Is that the question?
- Deepesh Sancheti:** Yes. And what infrastructure will be required for that?
- Vishal Mehta:** See, I will tell you what we do today is express settlement. So we do early settlements on payments. That is as far as it goes because we did more than \$1 billion. We had zero NPA in that, which means that the merchant rather than getting paid after 3 days, they get paid the same day. That has been enabled. What we have not done is extended loans and credits and others to merchants because that model today in India, the way it exists is a DSA model, where you earn commission as a provider.
- We do not have any aspiration to build our own NBFC and we think that the DSA model is an interesting model, but it's not the one that we want to bet on. So what we think is that using Rediff as a consumer framework, we will enable a lot of services, financial services, both to businesses as well as consumers. And access to that will -- because we have millions of merchants, we build out an ecosystem using that.
- So we'll be announcing quite a few things along with RediffPay shortly. We have NPCI license, the TPAP license through NPCI. And we think that maybe in the next few weeks, pending approvals from -- on the application in security, we'll be able to roll out and we'll be able to communicate a lot more.
- Deepesh Sancheti:** Okay. So are we also looking at something like UPI credit? UPI is -- everybody is opting UPI, but UPI credit wherein a customer can get a credit over his UPI payment. That is really gaining momentum. So I mean, will that be an opportunity which we'll be looking at?
- Vishwas Patel:** Vishwas here. Okay. So UPI on credit, there will be various people who will be offering credit looking at the UPI. So we as aggregator on the CCAvenue payments platform, we will be integrating or will be allowing credit on UPI and there's a commercial model coming in with every transaction that comes in.
- So credit on UPI, there are some MDR and some money comes on to us. So we have to enable it as a payment option across our merchant network in a sense that today where we have enabled UPI across 1 million-plus merchants, there we will allow not only RuPay on UPI, RuPay credit card on UPI but even this credit on UPI which the other third-party people are have it. So we are going to act as an aggregator to on this. Whether starting our own credit business on UPI allowing it on our books, right now, there is no immediate strategy in this quarter or the next.
- Deepesh Sancheti:** Okay. Great. Now my question -- my last question actually was regarding the fund raise plan, which we are planning to do. One was that we already have good cash amount in our books. So why this fund raise? Are we building a war chest for future acquisitions or something big or any other thing?

And secondly, then why -- if you're doing this, why rights issue because you will be issuing the rights issue at a discount over the current market price, which will again increase the dilution?

Vishal Mehta:

Yes. So this is Vishal here. See, we think that building AI capability positions Infibeam in a very different set up. You're right, we do have cash position. But we believe that if you want to be meaningful and relevant for the future as well as build out AI first fintech infrastructure, something very few people are getting in into and we have seen early success in that.

So what we are not doing, I'll tell you is we're not building LLM. We are not building large language models, something that sovereign and others want to do. as well as large companies like, OpenAI and others, they want to participate in our cloud. We are not building LLMs.

What we will be doing is working on Agentic AI and reasoning models. Reasoning models that sit on top that potentially are the input to the AI agents. And that is where we find that there's hopefully a lot more interest and monetization associated with. And for that, we will build out our infrastructure.

So we believe that we will be investing in capex. There will be a capex cycle. We'll invest about \$100 million in the next 3 years in building out such capabilities. And partially, it will come from rights and partially through accruals. And we believe that it is -- that is the only way we can build out an ecosystem, which is autonomous, intelligent decision-making. It will require certain -- these things will be required in building out global fintech adaptability that we are building out, and it will scale our productivity and automation.

So all of these are critical for our ambitions to become somewhat a global power fintech setup. And we think that building out this "what you said" war chest will help us get there. So as you know, in the past, also, we have been appropriately conservative. We think that there's a lot of opportunity in front of us. And partially, if you are not AI first company, you won't survive in the next few years.

With these thesis, we think -- we're not saying we're right or wrong. This is just our philosophy. We think that this is the right time to get invested into a capex cycle to build it out.

Deepesh Sancheti:

Yes. Okay. And so we are not building any data centers. We won't need any data centers for ourselves, right? Will we require...

Vishal Mehta:

No, we are building -- we already have a 2-megawatt data center, but building out reasoning models, you'll need infra -- you will need certain investments in infra. Either you can lease it or you can build it. So depending upon that, we'll build up 2 megawatt, we'll build out more as and when depending upon -- because see, these models and agents, they'll want -- certain use cases are such that they want real time.

And they will sit on top of an LLM and LLM can potentially be replaced at the back end. Either you can use an OpenAI or you can use any other even the one that has been recently built out by Sarvam. In other words, you can essentially -- this sits on top of it, and it essentially enables because the data is owned by the reasoning models and not the LLMs in some ways to drive

inferences and agents automate the workflow, they also make it more predictive because that is the one which gives you productivity.

It automates whatever workflow that you want to work on, it's automate it for you. And so this is not just automation. It is more predictability along with automation, which is what we want to get into. And like you mentioned for payments and others, of course, we are going to deploy it for our own use cases because if you think about it, you would want in some ways Agentic AI to automate fraud detection, manage risk, authenticate users, adapt new threats without any constant human intervention that we'd require right now. It somewhat helps reduce our operating cost.

Whether you think about merchants, it can power certain personalized recommendation dynamic pricing. We have 10 million-plus merchants. Our cross-border becomes more interesting. You can automate certain tasks like handling compliance, localization, languages. It gives us a strategic edge over traditional processors.

And when you think about Rediff as an ecosystem, it also gives us an opportunity to serve agents as virtual assistants. It will proactively manage data, transform productivity. It becomes somewhat proactive than reactive. And you essentially drive a continuous learning curve across the entire ecosystem. So we believe it's a strategic differentiator, both in the short and long term.

Deepesh Sancheti: Okay. So Phronetic AI will not only do financials, but also into different, different other aspects also, right?

Vishal Mehta: Absolutely. Absolutely. All agents will work across. Even you can think there's an SEO agent right here. Search engine optimization is an agent.

Deepesh Sancheti: Right. So then -- I mean, wouldn't it make strategic sense to actually disinvest the company into 2 things. One is into payments. That is the CCAvenue part and the other is into the AI, which is going to be the hardcore AI? Will it make sense?

Vishal Mehta: It's a good question, something that we debate on all the time, but I think the answer is very clear. AI is actually a horizontal layer. It is not specific layer for a particular -- so you can think of any -- we can see a world where even a single agent can be a \$1 billion agent. If you ask me, maybe in 3 to 5 years, there is one agent which is so good at doing what they're doing that potentially which is used by everyone.

And so we don't think that AI is as much of a vertical because most of the AI models, general AI models become more and more smarter and better, so the vertical AI kind of vanishes. And in certain cases to reduce infra cost and so on and so forth, you will have to build out RAGs to be able to make them slightly more optimal and somewhat more interesting. But we don't think that, that is a verticalized approach that would not work. It's a horizontal layer. It's not a vertical layer.

Moderator: Sorry to interrupt Mr. Sancheti, may we request you to please rejoin the queue. We have other participants waiting for their turn. The next question is from the line of Aman from Ingrid Capital.

Aman: Hi. Thank you for the opportunity and congratulations to the management for a good set of results. My first question was, as we are targeting a 20% to 25% revenue from our international operations over 2 years. What proportion of this is expected from high-volume, low-margin business and -- versus our high-margin value-added service?

Vishal Mehta: Aman, a lot of it, we think, will come from -- at least this year will come from high volume, low margin. Fortunately, in international, the margins -- low margins itself is slightly higher than our margins here in India. So in other words, the net -- the take rate over there, international is almost 2x more of what we get in India.

Now even if we go with high volume and low margins, we expect that there will be a drop in the take rate internationally because when we add large clients, we would work with lower margins. The good thing in this is that we are also expanding across smaller merchants in that geography through -- by ways of aggregation, as well as through indirect channels. So we believe that there will be some compromise in terms of margins, but it will still be higher than what we make in India.

Aman: Okay, sir. And next was, I mean, a follow-up like with Saudi Arabia that is, I mean, ramping up its -- in terms of enterprise clients like Nissan and VFS going live, what is the expected payback period for this international infrastructure investment there? And how do we compare the margins versus our domestic operations?

Vishal Mehta: Second part of the question is margins are a factor of magnitude, at least 2x of what we see in India in the international business, that's one. But you also will appreciate that there is going to be competition, and we are aware of the fact that there will be more and more companies who would want to participate in terms of growth in the Middle East, specifically in Saudi Arabia.

But it's also a regulated market, much like India, and there is regulatory authority, SAMA, which is very particular about who they allow and who they don't. In fact, we took more than a few quarters to even go live because we have a 100% subsidiary there. We have a SAGIA license. We don't have any partner. We are one of very few companies who have it. So I think that is one part. What was the other question that you asked? Can you remind me?

Aman: Expected payback period for this investment?

Vishal Mehta: We think the payback is -- we don't want to be super aggressive, but anywhere between 1 to 3 years. We think that if we are able to -- we've spent quite a little bit of capital on localization, there will be more and more wall gardening that we call about for each country because they want to keep data internally and they want to make sure that their financial systems are not compromised, and we have to continuously upgrade on both regulatory and compliance-related activities.

But the payback given that we have built out scale in India and that we have been in this domain for more than a decade, we think that -- and because we have so many clients in India, many of them, they also have presence in the Middle East and in Saudi. So for them to go after the low lying fruit for us is very easy. If they trust us in India, they can also trust us in Saudi. So I think the payback won't be more than 3 years.

- Moderator:** The next question is from the line of Grishma Shah from Envision Capital. Please go ahead.
- Grishma Shah:** Hi. You know, thanks for taking my question. A couple of quick questions from my side. I want to understand Rediff business model a little better and what are our monetization strategy across various verticals, including RediffPay?
- Vishal Mehta:** Yes. So this is Vishal here. I will talk about RediffPay Enterprise, and then I'll tell Vishwas to speak about RediffPay. Rediff has, it's -- as you perhaps know, it's been around for more than 2 decades. And we picked up 54% majority stake in Rediff last year, in -- sometimes in September and October of last year.
- So from the outside, you would see Rediff as being a top 1,000 traffic site in the world. Rediff has not made much blitz in advertising, there's practically zero spent on marketing for the last 3 years, at least. And so in some ways, but still it continues to be top 1,000 traffic site in the world and top 100 in the country.
- Number two, they have enterprise e-mail business. So Rediff sends about 0.5 billion e-mails every day. When you talk about enterprise e-mail, much like you have outlook in Google as enterprise clients. So in your company you would use either a Google client or an outlook client for managing your company enterprise emails. Rediff is providing enterprise e-mails for more than a few thousand companies.
- In fact, between Rediff Pro and Rediff Enterprise, there are more than 20,000 companies using Rediff mail client. Each of them, they pay a certain amount per box -- per mailbox. And so in some ways, it's scaled up because it's managing 0.5 billion emails every day. And then there are 175 million registered e-mail users who are consumers on Rediff, out of which 75 million have not come to Rediff for 10 years, which means that they are somewhat not active.
- And if you look at daily active on Rediff, there are about 7 million. So 7 million people come to Rediff every single day out of the rest of the 75 million. So our objective there is that in terms of revenue streams that is e-mail subscriptions that is being paid by enterprises and then there is ad sales, advertising sales. And those are the 2 business opportunities that we want to go after.
- Can we provide because we believe that much like in payments, there is data localization. Similarly, in e-mails also, there will perhaps be an opportunity to do data or there may be certain mandates because GDPR guidelines are there, but more DPDP guidelines are also there. So there will be an opportunity to make sure that there is going to be localization of data.
- Today, if your data is on -- if you're using Google client, your data is on Google Cloud. And if you are using outlook, it is on Azure Cloud. Both of them are international companies, which means that e-mail is not encrypted, your email is visible to anyone who's a regulator. And with macroeconomics, the way it is, we believe data localization will come in e-mails also, which means that anyone and everyone -- and Rediff is one of the -- perhaps the only one or one of the 1, 2 or 3 companies that has a track record with data localization for so many years.
- So we think that, that's one opportunity. Ad sales is another one. So as we increase traffic and relevance, we will be able to monetize on those adds. And you're talking about -- I mean, even

today, the ad revenue is more than \$1 million. okay? So we think that, that is an opportunity to go after. As far as RediffPay is concerned, I'll tell Vishwas to talk about RediffPay. Vishwas, go ahead.

Vishwas Patel: Thanks, Vishal. So look, RediffPay -- since Vishal just mentioned the number of users, active users that are there on the platform, right? So RediffPay is our -- am I audible?

Grishma Shah: Yes, sir.

Vishwas Patel: Yes. So RediffPay is our strategy to go directly to the consumers and onboard them on multiple things to get them in the ecosystem. So we are already very strong on the B2B. On a merchant perspective, we have lots of things in payments and platforms and other things that we have. The whole secure ecosystem with the merchants is there, the whole ecosystem with the banks is there.

Now the whole ecosystem is the consumer is the play that we are getting with RediffPay. So RediffPay will onboard merchants through our TPAP license through NPCI to get their UPI being mapped. But that is the first part. When every transaction the consumer does using that. So if they're paying through mapping it through their RuPay card or CC on UPI or credit on UPI, there is interchange and there's money that is coming in from the other side, right?

So there is a transaction-based revenue that keeps coming in. So that's the first part. Now through our BBPS licensing and Infibeam Avenues of Bharat Bill Payment Systems, we have already started. If you upgraded the latest one, we already started with mobile prepaid recharge. There are like 1 billion prepaid SIM cards in the country doing an average of 1.1 billion recharge transactions every month, right, for recharging, only 5% is postpaid. 95% is prepaid.

So those transactions and those volumes will be processing through it, any utility, any bill payments, any credit card dues, all those have already started, and you will see a bigger achievement, transaction volumes scaling up very quickly and people are also using, mapping their bank accounts to create their Rediff UPI ID also.

So cross-selling is one of the key parts where we want to put the entire ecosystem where they have their own e-mail because if you've seen from 1999 until now 2025, where we are today, e-mail has not changed. Everything else, the whole technology has changed, but you still have your e-mail ID, right, which is there and you still need it for everything.

So Rediff is one of the core and under the DPIIT Act and you have seen the data protection that will very clearly stage data localization and other things for audit for within the Indian law enforcement authorities.

So there Rediff already has a good track record with thousands of companies using and 0.5 billion e-mail going out. So then merge it with the UPI and the cross-selling of all our other services, which is just the start. Many other monetization things will also happen. And you're already seeing what's happening in the industry. So money is to be made on every transaction that comes in. And your good part is that we already have a base of consumers, right? And we already have millions of users already there.

So that's how the whole monetization of RediffPay will be there in the initial strategies, cross-selling a lot of new things and innovative things that we'll be putting it with a lot of metro tickets to everything the entire ecosystem that can happen. So that is first initial strategy. That's how the RediffPay strategy will evolve in the next 2, 3 quarters.

Grishma Shah: Okay. So maybe by the end of next financial year -- I mean this financial year FY '26 is when we will slowly start monetizing the entire Rediff ecosystem? Is that a fair assumption?

Vishal Mehta: The fair assumption to make it is that by end of next quarter, we would have started monetizing.

Grishma Shah: Okay. And the other thing that I wanted to understand is that the UPI incentive in the system has -- by the government has come off. And the noise around this is that the MDR for large merchants is coming through. So wanted your views given that you are part of this entire payment ecosystem and one of the leading fintechs. I wanted your views as to how this entire thing would shape up for everyone in the industry?

Vishwas Patel: So frankly, since I chair also the Payments Council of India, we're well aware that it has gone up to the Prime Minister's Office to do it for this particular decision. But right now until it happens, we cannot comment on it. But anyway, since we are one of the largest processors of UPI transactions, online as well as now with a SoundBox offline also. So any kind of this will significantly add a lot of revenue if it happens.

Grishma Shah: Okay. And the other question was on the international operations. Key -- since we have spent so many quarters to get our compliances in place with SAMA and the other GCC regulators, how do you think our go-to-market approach across these countries, I mean, do we have like a strong head start? How do we look at this?

Vishwas Patel: So in UAE, we are already dominating. We are in the top 3 and some of the biggest clients there in that market in UAE, be it all the MR, Nakheel, DAMAC, even if you want to buy your ticket to go through Emirates, it goes through us. If we want to go visit the Burj Khalifa at the top, it goes to CCAvenue payment gateway. So all -- some of the biggest -- we have made a significant inroad into the UAE market.

Saudi market fortunately or unfortunately due to the regulatory thing, licensing thing and data localization that they're interested, we had to post the entire primary and our DR systems there within the Kingdom. So that's why it got delayed and this thing, but now we are live and transactions are coming in, significantly less competition there at this moment there.

But I think we'll scale those things up fast because we've seen a lot of our merchants within the UAE are also present in Saudi, and they're looking forward to onboarding on to us. So we think that we will be fairly successful in Saudi and Oman, we have gone through the technical route where we are providing our tech steps to the leading banks there.

So Bank Muscat is live, in fact, it's very significantly well doing more than 1 lakh transactions a day with us, that's the Bank Muscat, which is like -- has 70% of market share of Oman is working on our stack and then we have all the other 3 banks, Bank Dhofar, Bank Sohar also working on a platform there.

So all the top 4 banks in Oman are already on a platform through our TSP route where we make money on every transaction as a technical service provider. So those 3 are the biggest markets in the UAE, that's said. And as we have already announced, it will be going into U.S. and Australia shortly after this. So that's the whole strategy right now.

Moderator: The next question is from the line of Tushar Sarda of Athena Investments.

Tushar Sarda: Congratulations on a very good set of numbers. I just wanted to understand your numbers, the basic numbers in a little more granular fashion. So as per the quarterly results filed with the exchange, you have 2 lines of business, payment business and e-com and platform. So what is the e-com and platform is one question?

And on payment business, you report transaction value, gross revenue and net revenue. So if you can explain what are these numbers and how do they relate to each other?

Vishal Mehta: Sure, Tushar. If you look at the notes below, in the notes, the business segments are qualified. In other words, what is included in the platform business and the payment business, so in other words, anything which is -- in specific, any place where we are providing software frameworks and that's software frameworks, if you look at Note 2 or from the financial statements -- it will actually -- in Note 2, you will actually see what has been included in the payments business and the platform business, right. So your first question is that what is included. I think that is qualified in Note 2 of our financial statements. And what was the second question that you had?

Tushar Sarda: So within this, so when you say e-commerce platform, in the presentation, there is just one slide, I think, on the e-commerce platform. So do you have license revenue or you have recurring -- because previously, I believe it was GeM. But now GeM you don't recognize the revenue, right?

Vishal Mehta: Correct. So we don't recognize from December 2023, we have stopped recording it, although GeM completely runs on our platform. So even as of today...

Tushar Sarda: So what is the revenue here in this platform business, what is the revenue?

Vishal Mehta: So we provide our platform. We are talking about millions of dollars of licensing revenue. So in the past also, we had mentioned that we are -- we have given our entire framework to very large enterprises.

You would see some names over here now. Jio is one of them. Internationally, we have given it to 3 companies. One is Saudi Telecom, which is based out of Saudi Arabia. The entire framework works on us, and we continue providing it to about 7 different companies. So over there, primarily, we get licensing revenue. We do have a...

Tushar Sarda: So it's a fixed revenue?

Vishal Mehta: It's a fixed revenue. But there is a success fee in addition to licensing revenue that kicks in sometimes. So in other words, GeM was more transactional revenue, but GeM revenue has been stopped being recognized since December 2023.

Tushar Sarda: So this is the same kind of platform, which was used for GeM? Or is it on...

- Vishal Mehta:** Similar platform to GeM. Not the same. So we are in arbitration with GeM. We're expecting to hear back about -- fortunately, we do have legal position saying that this intellectual property solely belongs to Infibeam Avenues, so that we have from the court. But we are in arbitration to be able to find out what -- as far as the licensing fee is concerned from GeM. So that part, we will have hopefully something to share in the next quarter or so.
- Tushar Sarda:** So my next question was on the payment side, sorry, Vishwas, you were saying something?
- B. Ravi:** Tushar, Ravi here. I just was saying with regards to platform, there, we have always mentioned the last 2 years, if you see even when GeM was going out. And that time, there were questions as to who could be using this platform. And we had said that we have built a platform for all times to come, and we can use it for various clients on just as a small customization.
- That's exactly what has happened that though GeM is not there, this platform business continues with not just Jio, which was there at that point in time and growing every day, but also the international and 7 other customers like what Vishal said. So this for monetizing our platform already built in with a full infrastructure, which now is being monetized. That's how it is. Please continue with the next question.
- Tushar Sarda:** Yes. My next question was on the payment business. You have the gross transaction payment process. Then you have gross revenue and you have net revenue, right? So how do these numbers correlate with each other?
- I understand that in the gross payment that you process, there's a lot of revenue on which you don't earn any -- a lot of payments on which you don't run any revenue, right? So I am assuming that only the credit card portion is what you earn revenue on, which is around INR68,000 crores for the quarter?
- Vishal Mehta:** It's credit and debit cards also and corporate cards. So in other words, UPI is...
- Vishwas Patel:** Net banking also, wallets also.
- Tushar Sarda:** But majority, it is credit card, right? I mean 175 basis point gross you will get on credit cards, the others may be very small.
- Vishal Mehta:** Correct. Net banking is also big. Credit card is the major one, but net banking also significantly contributes.
- Tushar Sarda:** So when you say gross revenue, it is all related to payments, is it?
- Vishal Mehta:** Yes. So gross revenue, Tushar, if the question is that whatever revenues we report, we segment revenues. If you look at our segmental results, you will have the gross revenue, which is segmented between payments and commerce. So if you -- kindly go to the slides, you will see. So gross revenue is the combination -- the total gross revenue is a combination of payments and platforms.
- Tushar Sarda:** But majority, it is payment, INR1,047 crores for the quarter? On that INR2.25 lakh crores of payment process. Right?

Vishal Mehta: So there is -- Tushar, we collect revenue, which is gross and there are certain expenses for -- which we have to pass on, which have been booked before we come to the net revenue. So there is this expense portion, which is deducted from that gross to net in terms of passing on certain commission. And then that net revenue becomes the net revenue after that, all the overheads and all will allow us to get to the EBITDA. That is the flow of the revenue -- the income.

Tushar Sarda: No, no, that I understand. I'm just trying to understand the gross revenue concept.

Vishal Mehta: Gross revenue, you're spot on. You're spot on.

Tushar Sarda: So it is around 50 basis points? It's 50 basis points? Correct?

Vishal Mehta: Yes. Certain UPI construction beyond zero TDR, so there those need to be removed. But on an average, you're right.

Tushar Sarda: And then you have a net revenue, which is on INR1,050 crores. I believe it's around INR80 crores kind of net revenue that you're reporting. If I take your presentation and remove the e-commerce...

Vishal Mehta: 77.9%. You're right. That's the EBITDA.

Tushar Sarda: Okay. So yes, I just wanted to get my head cleared on the numbers. That's clear. And now you mentioned very interested thing about...

Vishal Mehta: Sorry, net revenue is INR135 crores -- sorry, EBITDA is INR77.9 crores.

Tushar Sarda: Yes, INR135 million crores minus INR51 million crores of e-com?

Vishal Mehta: Correct, correct. Yes, that's right.

Tushar Sarda: So INR84 crores for the payment business?

Vishal Mehta: That's right.

Tushar Sarda: Yes, then, you mentioned a very interesting thing about Soundbox, which would be kind of integrating everything. So which means my credit card can go on now on my phone. I don't need to carry it physically or is it only for Google or Android operating system?

Vishal Mehta: Let me explain. The TapPay is what was only on the mobile that comes along with the CCAvenue merchant accounting and reporting system app, right? So you download the app and through that on your android phone, you can start accepting it. Soundbox is a physical device. So today, you have seen all this QR code with SoundBox devices everywhere on every merchant.

But this also does, not only does the static QR, which also does dynamic QR map to the amount of the transaction so that when you scan it, you don't have to put the amount. It also accepts credit card, Mastercard, Visa, RuPay, credit and debit plus EMI and other things also.

So it's a very up from a normal just speaker [Foreign Language] QR code static QR. This gives within almost very little on the upper side of the typical speaker SoundBox. So this is a physical device that is deployed reported within the same.

Tushar Sarda: I understand that. But you said that the credit card can go on the phone, right? So that is -- that depends on the phone OS that you don't have anything to do with that?

Vishwas Patel: That is TapPay, the CCAvenue TapPay, that will go only on any android phone.

Tushar Sarda: Yes, that's what I wanted to understand. Can I ask one more question?

Vishal Mehta: Go ahead. Yes.

Tushar Sarda: Yes. So you are trying to do a lot of new things. But your existing business return on equity is 4%. So as a shareholder, how do I reconcile to this, that our existing business on 4%, whereas the opportunity seems to be massive in front of you. So as a shareholder, how do we look at it?

Vishal Mehta: Tushar, the way to look into it is, I think goodwill is artificially depressing our ROE, so there's a big line item called goodwill in our balance sheet. And that is the one which is depressing our ROE for the time being. So if you remove the goodwill, you'll perhaps see that ROE is better than what you are talking about, much better. So that's one.

Second is that we are looking at investing. There will be a capex cycle that we're getting in into. But that's mainly around making it more AI ready. In other words, all our frameworks and all the things that we have built out, I think it builds automation, and it is essentially -- I think it's survival for any company to actually get into that space.

But of course, opinions may differ. At least the time that we have spent in about last few quarters in terms of building our capabilities, we find that there's significant leverage and advantages that we get if we are moving quickly into this, and it's moving also very fast, that space. So -- but to answer your question on the ROE, if you remember the goodwill, it's that's the way to look at it.

Tushar Sarda: Then it will come to 20% plus, I think, because it's almost INR2,000 crores.

Moderator: Ladies and gentlemen, due to time constraints, that was the last question for today. I would now like to hand the conference over to the management for closing comments.

Vishal Mehta: Thank you all for joining our FY '25 earnings call and looking forward to keeping you updated on the latest development and have a good evening.

Vishwas Patel: Thank you, everybody.

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