



“Infibeam Avenues Limited  
Q4 FY2020 Earnings Conference Call

June 05, 2020



**MANAGEMENT:**      **MR. VISHAL MEHTA – MANAGING DIRECTOR**  
                                 **MR. VISHWAS PATEL – DIRECTOR**  
                                 **MR. R SRIKANTH – PRESIDENT**  
                                 **MR. HIREN PADHYA – CHIEF FINANCIAL OFFICER**

**MODERATOR:**      **MS. PARVATI RAI – KR CHOKSEY RESEARCH**

**Moderator:**

Ladies and gentlemen, good day, and welcome to the Infibeam Avenues Limited Earnings Conference Call for the Fourth Quarter of FY2020 hosted by KR Choksey Research. This conference call may contain forward-looking statements about the company which are based on belief, opinions and expectations of the company as on date of this call. These statements are guarantee of future performance and involved risks and uncertainties that are difficult to predict. 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 Ms. Parvati Rai from KRChoksey Research. Thank you and over to you Madam!

**Parvati Rai:**

Thank you Lizzan. Good evening everyone. On behalf of KRChoksey Research, we welcome you all for the Q4 FY2020 Earnings Conference Call of Infibeam Avenues Limited. I take this opportunity to welcome the management of Infibeam Avenues represented by Mr. Vishal Mehta, Managing Director; Mr. Vishwas Patel, Director as well as Founder and CEO of Payments Business; Mr. Hiren Padhya, Chief Financial Officer and Mr. R. Srikanth, President. So, we begin the call with a brief overview of the company by the management followed by the Q&A. I now hand over the call to Mr. Vishal Mehta for his opening remarks. Thank you and over to you Sir!

**Vishal Mehta:**

Thank you Parvati. Good afternoon to all of you. On behalf of the management present on the call, I welcome everyone to our Q4 and full year fiscal 2020 earnings call of Infibeam Avenues Limited. I hope every one of you and your family members are safe and I wish good health to all of you. It is my pleasure to present the standalone and consolidated accounts of the company during the call. Our financial results, earnings press release as well as investor presentations have been uploaded on the company website, which is [www.ia.ooo](http://www.ia.ooo). I hope everyone had a chance to go through these releases.

In today's agenda we will discuss, 1) how we built a future-proof business model backed by our digital solutions, 2) our strong financial performance, a testament for the strong business model and finally 3) how we have enhanced business value for our stakeholders and plan to unlock value for our shareholders.

I am now going to move and turn to **slide #5**. Infibeam Avenues started out as a start-up, bootstrapped, and we had a clear focus on what we were building right from the beginning; to build a digital company that can also scale and that can also solve problems at scale. At various stages we gained experience through various businesses we had ventured into. Today we have built ourselves as a global Fintech company with a very strong focus on B2B space.

We cater to merchants, businesses, enterprises and government in India as well as internationally. Our core market is India. We are one of India's top digital payment solutions platform providers. We have deep understanding of India's e-commerce and digital payment sector which has allowed us to be consistently profitable. Many marquee clients in India and international markets use our Fintech solutions and platforms. We have been awarded an exclusive mandate competing with well known global tech giants to offer our e-commerce platform to the Government of India for the procurement, projected to be as high as \$100 billion in terms of value.

Going ahead we plan to replicate our successful business model in India in various international markets and also expand the digital product range for Indian and International customers. Our journey was led by a very strong industry experience and we have gained a lot of experience over the last two decades backed by a very, very highly motivated team that continues to work with us since inception and the strong cultural values that we have been imbibed in us.

To give you a snapshot of our business please turn to **slide #6**. In a short span of about three years we have grown to over a million merchants across over Fintech platforms from a factor of a magnitude lower at the end of fiscal 2017, almost representing 10x jump. This will only grow with time. We processed transactions almost worth INR 900 billion across our platforms in fiscal 2020 from less than INR 10 billion in fiscal 2017, a 10x growth. We also processed government procurements which was worth INR 500 billion over the past few years on the GeM portal since we signed the contract. We are amongst the top three digital payment solution providers in India with respect to processing volume as well as market share, but we rank second in terms of profitability among the top five digital

payments solutions providers, and we are the only home-grown bootstrapped profitable payment company with international operations.

If you turn to **slide #7**; during the year we have undertaken various initiatives towards building a strong, scalable and sustainable business. From strategic tie-ups to strategic investments, new business to new geographies, and strengthening of our leadership team. I am particularly excited to share some of the key business developments.

- 1) To capitalize on the growth in digital transactions globally and leverage on our strong business portfolio we have launched our payments business in Saudi Arabia in addition to our operations in the UAE. This would allow us to address nearly two-thirds of the GCC region. We are also launching payments business in the United States of America, one of the most developed and competitive digital commerce markets globally. USA is the world's second largest digital payments market by revenue and Infibeam Avenues will leverage upon its comprehensive Fintech portfolio, existing relationships along with collaborations with some of the top banks in the region.
- 2) As part of strengthening our payments portfolio and to offer a complete payment solution to merchants, we are entering into the card issuance side of the Payments business in addition to acquiring business that we are currently into. To give you a small brief, we acquired payments from merchants, as in collect payments from customers and give it to merchants and in the acquiring side we have been very, very successful. We processed upwards of INR 60,000 crore worth of transactions on an annualized basis. We believe issuance is a very interesting space to also evaluate and get into. Issuance business means that we are able to issue a card or payment instrument to customers who are able to send payments to merchants. Issuance business will allow us to earn significantly higher rates compared to the acquiring business and also allow us to provide merchants with great experience, by associating with us. That said we will offer following services under payment insurance business.
  - i. We have launched secured lending, as express settlements, for existing merchants. We have signed up with multiple clients and processing multi-crore worth of transactions daily.

- ii. we have launched prepaid corporate card for employees. There are thousands of enterprises in the country with frequent expenditures for food, travel, entertainment etc., The corporate gets the card for free while we charged a TDR to merchant outlets when the employee spends. The corporate preloads money for its employees every month which makes it a secured business and
- iii. More importantly, we have fully acquired Cardpay Technologies to offer corporate credit cards to capitalize on the huge market for credit for SMEs in India which are not adequately served by other financial institutions. I will give details in the later slide.

If you turn to **slide #8**, I would like to showcase some of the awards and accolades that we have received in the past few quarters, a testimony of our very strong business. We have received many prestigious awards by reputed institutions endorsing our technology and leadership position in our business. We have been amongst the very few recognized as a Superbrand in 2019 both industry and consumer verified by Superbrands, in India. We have also been recognized and awarded 'Most Innovative Payments Service Provider' and 'Fastest Growing Online Payments Service Provider' in the UAE at the International Finance Awards 2019.

With this I would like to hand over the call to Vishwas Patel to take you through the business that we have built during our journey and evolution so far. Vishwas, over to you!

**Vishwas Patel:**

Thank you Vishal.

Please turn to **slide #10**. In our two decades of experience building payments and platform solutions, we have built a diversified Fintech portfolio to simplify business and payment for merchants and enterprises. We aim to offer solutions to the merchants under one roof which makes transacting, integrations, reporting, analytics, easy so that merchants can focus on business growth.

Our Fintech offerings can be segmented into four broad buckets comprising payments and platform solutions

- 1) **Payment Acquiring:** This is our core and current payment business where we offer a payment gateway for acquiring through various payments methods including cards, net banking,

wallets, EMI, UPI, etc, bulk payments for corporate, white labeling solutions, two banks like HDFC Bank and Kotak Bank's AllPay payment gateway use our PG as a white label to offer their services.

- 2) **Payment Issuance:** Issuance is the new business we have ventured into. We are very strong on the acquiring side. On the issuing side, we are now offering prepaid cards to corporate, corporate credit cards and secured loans. These offerings allow us to earn higher TDR compared to the acquiring solutions and allow us to monetize the PG operations. Additionally, it allows us to be present on both sides of the payment business, Acquiring and Issuing.
- 3) **Remittances:** We offer both domestic remittances, services throughout India, through our subsidiary 'Go Payments' as well as international remittances, through our investee company 'Avenues Payments'. We are also going to add international remittance payment option to our payment gateway to allow Indians staying abroad to purchase goods and services in India directly on merchant's website without using costly options like international cards or remitting to Indian bank accounts first before local purchase.
- 4) **Software Platforms:** We realized that businesses will become digital sooner or later and require software platforms for transacting online to cover a large market, and they would require customization and scale to suit their line-of-business. So, we have built scalable software platform for merchants by developing SaaS (Software as a Service) platforms. We offer enterprise level customized e-commerce platform for large businesses for handling large volume of sales like the government e-marketplace portal, the GeM platform, [www.gem.gov.in](http://www.gem.gov.in). We offer bill payment platform for consumers across India to allow them to make all kinds of bill payments under one roof, and allowing customers to convert cash to digital payments. We also offer a hospitality platform, centralized reservation system, that allows hotels to pool their room inventory in one place and distribute it across various sales channels with our integrated digital payment platforms to collect payments online.

We will keep innovating and adding more solutions to keep simplifying business and payments for the merchants, and offer them working capital assistance to grow their businesses.

We have detailed our FinTech solutions in the following slides.

Please turn to **slide #11** that is CCAvenue; We continue to be among the leading payment solutions provider in India and the UAE. We are the only homegrown profitable payment company, bootstrapped and not backed by any PE or VC, with international operations, and expanding into newer international geographies, while offering a host of digital solutions all under one roof. We successfully processed 147 million transactions worth INR 62,200 crore in the fiscal of 2020. The payments grew 10x between FY2016 to FY2020. In the month of March before complete lockdown was announced on account of the outbreak of COVID-19 we were at an annualized run rate of INR 75,000 crore. Strong addition of merchants continued through the year and continues even under the current pandemic situation.

We are a leading solutions provider in the UAE and ranked second among the non-bank private players there in terms of total payments processed. We processed payments work AED 1.7 billion for the fiscal of 2020. In the month of May we processed payment at an annualized run rate of AED 2.7 billion, a 50% growth. We recorded month-on-month growth in payments value and volumes since the beginning of the year through to May 2020.

We have seen a huge demand for digital payment from across industries, especially the learning and education sector and utilities.

We have marquee clients in our portfolio both in India and the UAE. We are integrated with 90 of the top 100 merchants in India. We have top clients across industries including many government undertakings including eNAM, Port Trust of India and many more.

We aim to be among the top global Fintech companies. We have seen a strong growth in our core market India. We have replicated the India success in the UAE to become a leading player in a very short period of time there.

We plan to expand our FinTech business in multiple countries over the next few years. This will allow merchants, having international operations, to work seamlessly with us. It will also help us in acquiring more multinational clients.

Digital transformation continues to play a fundamental role in shaping the GCC economies, with Saudi Arabia at the forefront. We have already launched services in Saudi Arabia, and both Saudi Arabia and

UAE contribute to nearly two-thirds of the GCC's GDP and have many companies operating across the region. We have already signed up with many such companies that operate across the region. We will soon be starting operations as the COVID situation eases. We are also launching operations in the United States of America very soon. USA is among the world's top market for FinTech services with a market size of over US\$ 1 trillion.

With an aim to be present on both sides of the payments business, acquiring and issuing, we are entering the payments issuance business with a comprehensive issuance solution, secured lending, prepaid corporate cards and normal corporate cards.

Let me share next, what we offer under issuance and how we plan to strengthen the business. We can move to **slide #12**. We have launched a secured-lending product already, which is known as express settlements, and transactions are live with multiple clients. We aim to assist businesses by offering them working capital through various financing options for improving operational efficiency. It will also allow our company to earn higher TDR and monetize the payment gateway operations.

We have launched express settlement for merchants where they can opt to receive their payments instantly as soon as the transaction is successful rather than receiving it after T+2 or T+3 days, for a small additional fee to the existing MDR that we charge. We have secured multi-crore credit line from banks for this purpose whether cost to us is around 2.2 bps per day for which we can offer to the merchant at a higher rate, and on a case to case basis. If you convert it to full year, the cost to us is around 10% or less while we earn about 20% to 30% annualized from the continuous transactions throughout the year.

We will offer more lending products as economic activities pick up.

If you move the **slide #13**, we have launched corporate prepaid card in partnership with Go Payments. Go Payments offers corporate prepaid card for employees, which can be used for a variety of business expenses, travel, food, hotel and more. For a corporate it is usual cost-to-company in the form of prepaid card with no charges to the corporate. The corporate load the prepaid cards every month giving money in advance. The employee spends it over a period of time. The benefit for the employees that there is taxes and benefit coming in which is part of their salary helps them to use this corporate cards and the employee uses it to purchase at any merchant outlets online or offline, the merchant



will be charged a TDR, and typically the net take rate is multiple times higher than the net take rate in PG business on the Acquiring side, allowing to earn higher TDR.

According to the ResearchandMarkets.com, the prepaid card market in value terms in India increased at a CAGR of 40.2% during 2014 to 2018. Over the forecasted period of 2019-2023, the market is expected to record a CAGR of 36.5% increasing from US\$38.6 billion in 2019 to reach US\$133.9 billion by 2023.

Moving to **slide #14. We discussed** about the debit card. In this slide we will discuss about the credit card. We are also launching the corporate credit cards branded as GRIT cards, CCAvenue GRIT card. We are happy to announce 100% acquisition of Cardpay Technologies Private Limited, which will be a fully owned subsidiary and through which we will offer credit cards. Cardpay Technologies is founded by Kumar and Malik, both having deep technology expertise with rich experience in the Fintech industry. The technology platform developed by the company is among the industry best with built-in Artificial Intelligence and Machine Learning capabilities. It verifies and automatically accepts applications and decides credit limits. The platform is highly scalable and conforms to all industry standards. The company is based in Bengaluru.

The cost of accretion is payable in two parts, 1) initial cash of INR 4.5 million for 100% acquisition of shares and assumptions of the debt of target company, and 2) up to US\$ 1 million based on meeting certain performance parameters as per the contacting terms.

India needs a huge capital for growth and has high requirement of credit at SME level which is not easily met by the banks for various reasons including insufficient credit history, high risk, insufficient documentation etc. There are many companies that require strong credit support without the burden of interest payments. Companies can instantly avail credit cards from us with higher and dynamic limits than the traditional cards including loyalty and rewards points better than the traditional offers. A higher credit card limit allow credit card holders in smoothly meeting all the expenses and easily make the payment within a decided credit cycle without having to pay any interest, which otherwise they would regularly have to pay to the banks. Instead, the TDR is charged to the merchant where the expense is incurred. We have already signed up with multiple banks and NBFCs for a strong credit line.

Moving onto our platform business please turn to **slide #15**. Our platforms business is healthy and generates consistent revenue. It is a high margin business. Our client, government e-marketplace continued its strong performance in FY2020 and crossed INR 50,000 crore cumulative procurement. For fiscal 2020, the procurement total was over INR 27,000 crore compared to INR 17,000 crore in the fiscal of 2019.

On May 29, 2020 the central government announced a new version of GeM, the GeM 4.0, to be launched in August 2020. It will have one of the largest uses of advanced technology in any government platform around the world. The aim is to move towards a unified public procurement system for the country and to bring the functionalities of various government e-procurement onto the GeM platform and to reduce duplicity and thus enable a unified and streamlined approach to procurement. GeM aims to uplift the marginalized and underprivileged sections of the society and to be part of the growth story with a special focus on MSMEs, self-help groups, artisans, weavers, craftsmen and TRIFED into GeM.

GeM will on board 9.2 million MSMEs, 2.1 million weavers, 1.8 million craftsmen and 1000-plus self-help groups around the country and create special TRIFED categories over 5000 products. This will significantly enhance procurement on the GeM platform. This will drive government's agenda of becoming an end-to-end National Public Procurement Portal for open, efficient and transparent procurement of goods and services.

Moving onto our bill payments platform; BillAvenue had a very strong year. NPCI added many new bill categories and we have also added many more billers and agents across the country. We saw a 92% growth in our daily bill payments value. We are proud to mention that we are the only non-bank processor for online booking of LPG cylinders for consumers and we have seen a significant jump in the volume of online cylinder bookings from across the country. All the top three gas cylinder companies in India, IOCL, BPCL, HPCL has partnered with us on Bharat BillPay as our billers. As per NPCI, billers on Bharat Bill Payment system has increased from 182 in March 2022 to 216 in May 2020 while monthly volume has increased from 15.8 million to 16.5 million, respectively, all this in three months itself. The industry presents excellent opportunity for growth as more and more categories and billers across India come on to the BBPS platform.

Now hospitality solutions ResAvenue; we now have over 2000 hotel properties registered on our platform compared to over 1000 we had last year. We are integrated with all the major online travel agents. We also added Paytm as new OTA, online travel agent. On an average, daily, more than 3,000 room nights were being booked in Q3 through our solution. The daily average for the entire year was 2700 room nights, affected in the month of March due to COVID-19 pandemic.

Recent reports by Hotelivate and a FICCI-KPMG joint report, India is the most digitally advanced traveler nation in terms of digital tools used for planning, booking and experiencing journey. India is projected to account for 3.7% of the global digital travel sales making it the third largest market by value in Asia Pacific region. The number of hotel rooms in India is anticipated to surge to 3.33 million up to 2023 from the current 2.72 million in December of 2018 and online sales of travel booking is expected to increase at a healthy rate of 14.8% annually from US\$22.3 billion in 2017 to US\$38.7 billion by 2021.

Let me now take you through the competitive positioning, especially in our core market, India. If you go to **slide #16**, among the top peers in the payment gateway in aggregation business we are far ahead of the competition in terms of the portfolio offering, our international presence as well as on profitability parameters. We will continue to offer comprehensive solutions and aim to carry the portfolio globally to be among the top FinTech companies, globally.

I now hand over the call to Hiren Padhya for financial and operational performance. Hiren!

**Hiren Padhya:**

Thank you.

Good evening to all of you.

We have tried to restate our FY2019 financials for like-to-like comparison, excluding divestment and demerger. This will allow our stakeholders to compare and comprehend performance of FY20 with FY19 in the light of divestment and demerger announced in FY2019.

The company recorded a revenue of INR 6,481 million in FY2020, up 10% year-over-year due to a strong engagement across enterprise software business (Platforms) and growth in digital payment business (Payments) in both domestic and international operations.

Platforms business achieved strong double-digit revenue growth compared to previous year. During the year, upgrades and additional requirements by a few subscription-based enterprise clients and increase in volume on GeM portal (transaction based client) led to the growth; however, Q4 FY2020 revenue was impacted due to lower invoicing and collection on account of lockdown in the last few days of March 2020.

The payments business achieved growth during the year FY2020 compared to previous year despite few adverse effects, some of them affecting the company and the industry especially in Q4 FY2020; 1) Government-mandated zero MDR on UPI and Rupay transactions from January 1, 2020, affecting Q4 revenue, 2) lockdown announced in last week of March 2020 resulted in customers cancelling airline, train and bus travel, auto reservation and many such transactions that were already done earlier leading to a huge increase in refunds of transactions and also all types of online retail portals were down in month of March unable to deliver goods because of lockdown, 3) there was significant increase in low MDR and flat-fee transactions related to recharges, utility payments, education etc., which increased volume, but impacted revenue, 4) severe pricing pressure from the heavily funded competition. However, the payment business recorded a strong volume of 147 million, up by 28% year-over-year and recorded highest ever quarterly volume of 14 million in Q4 FY2020, up by 39% year-over-year.

Our net take rate remains almost flat compared to FY2019 despite zero MDR on UPI and RuPay Cards. With newer product launches, especially on issuance side like secured lending, prepaid corporate card, corporate credit card etc., and expanding into international markets, we will be able to improve our net take rate in payment business going forward which will enhance operating and profit margins.

EBITDA for the year was INR 2167 million. EBITDA margin for the year was 33.4% compared to 19.4% in FY19, up 72% year-on-year. The improvement in EBITDA margin is on account of operating leverage achieved on growing scale. Profit after tax was INR 1081 million, which includes 83 million of exceptional gain. Growth in operating and profit margins was led by strong growth in revenue from both payments and platforms rising faster when the rise in cost. This is exactly reverse for many

technology startups where cost rises faster than the rise in revenue. Our philosophy remains, to earn profitable revenue.

I would like to highlight our operational performance on **slide #20**, which led to our robust revenue growth and strong operating and profit margins for FY20. We have seen consistent growth in payments processed backed by strong growth in volumes. Total payments processed for the year were INR 62,200 crore, a growth of 26% and number of transaction grew to 147 million, up 28%. Payments value and volumes processed in UAE in FY20 increased by 40% and 44% respectively compared to the same period last year.

In the month of March 2020, before complete lockdown, from March 1st to 24th, we were at an annualized run rate of processing payments worth INR 750 billion in India alone. The average daily processing value fell by 40% in lockdown of March from March 25, 2020 to March 31, 2020 compared to pre-lockdown period of March and average daily volume fell by 30% for the same period. In April, the month of complete lockdown in India, there was a dip in average daily processing value and volume compared to March 2020 when, average daily processing value fell 40% and average daily volume fell by over 20%; however, in May, we achieved 32% growth in average daily value and 14% growth in average daily volume compared to April. As there were partial relaxations allowed in May with further relaxation announced from June, we believe usage will return to the normal and start growing.

However, in UAE, we observed a different trend. The average daily value and volume increased by 29% in April over March and 10% in May over April and average number of daily transactions increased by 37% in April and 7% in May.

We are hopeful that overall digital transactions in economy will increase, and we will see growing trend on our platforms too, coupled with launch of new businesses and international expansion.

The bill payment value and volume processed through our BillAvenue platform increased by 91% and 93% respectively in FY2020 over FY2019.

We have a strong strategy in place to grow the transaction volume and value, which we discussed in previous quarter. This strategy has helped us to see consistent business growth.

Moving to **Slide 20**, we have generated positive cash flow year after year due to our capex-light model. Our capex has reduced year after year which has helped us to generate strong cash flow. We have consistently converted EBITDA to cash flow and we have a cash conversion ratio of above 100%. Prudent and optimum use of capex helps generate surplus cash, which the company can use for organic and inorganic growth.

Moving to **slide #21**, we have an efficient capital allocation strategy to generate high rate of free cash flow conversion and maximize shareholder's return. We generated free cash flow before working capital changes of INR 1630 million in FY2020 compared to INR 1975 million in FY2019. We have negligible debt. Our capex requirement for running the business is low, which allows to efficiently use capital, generate strong cash flow and maximize shareholders returns.

With that I would like to handover the call to Vishal Bhai to throw some light on unlocking shareholders value before opening the floor for Q&A.

**Vishal Mehta:**

Thank you Hiren.

I am on **Slide 23**, where we are discussing demerger and subsequent listing of our non-core businesses that has a potential to unlock value for our shareholders. Last year, we decided that we are going to focus on two specific verticals, one is digital payments as in Fintech, and the other was software platforms. We continue building up on that. The non-core pieces of our business were the ones that we have divested and we have a potential to unlock significant value for the shareholders with their subsequent listing.

If you go to **Slide 24**, we sharpened our focus on the core business and like Hiren mentioned we want to consistently convert EBITDA into cash flow. We are determined to expand into various international markets. We have built out a unique proposal called country-in-a-box, whereby to open up a new country, it will require a set of individuals, a set of processes and a set of systems that allow us to replicate the success that we have had in India and in the UAE, into other geographies. We will continue building up on that strategy as we grow into other territories. We have a very highly

experienced management team, and we have a strong business team that will lead us to the next phase of growth.

To summarize we are very excited about the potential of combining the very strong leadership position in Acquiring payments with Issuance whereby the entire scope, all the way from customer to the merchants, the transaction flows through our framework, and when Vishwas talked about secured lending as well as our acquisition whereby we will get additional insights to corporate cards and other opportunities that we believe will become a one-stop solution for global Fintech as well as India Fintech opportunities.

With that, I would like to open up the floor for question and answers.

**Moderator:**

Thank you. Ladies and gentlemen, we will now begin the question and answer session. The next question is from the line of Deven Choksey. Please go ahead.

**Deven Choksey:**

Thank you for giving me this opportunity. Thank you Vishwas Bhai and Vishal Bhai for your presentation. Couple of questions, what is the COVID impact, as far as the business of the company is concerned, because in last two months I think we have had a situation of most of the businesses not working and probably as a result of which our transaction-based business also may have got affected so what is the impact on the business? Second, if you could throw some light on slide #23 on which you spoke about the monetization of the benefit to the investors, although it is going to be unfolded but if you could throw little bit more light on this? Thanks.

**Vishal Mehta:**

As far as the impact of COVID is concerned, the month of March was when the lockdown was announced. Prior to the month of March, before the lockdown was announced we were processing payments at an annualized run rate for INR 750 billion. We were having a very strong addition of merchants and that continues for the year as well. Post lockdown in the end of March 2020 we had a fall in terms of digital transactions. On an average basis from the March 24, 2020 to the end of March

and I use the word average because in certain places, it was explicitly more than what the numbers I am talking about but we found average reduction in digital payments volume of 30% per day. In the month of April we have seen that the volumes went further down compared to March, and we saw reduction of about 40% but in May we saw a significant improvement from April levels and the volumes climbed up. We believe that post the lockdown we have almost reached the pre-COVID level in terms of transaction processing but in the end of March, 2020 and the month of April we saw 30%-40% reduction in the digital payment volumes. It was primarily because most of the activities, in hotels, restaurants, we have got a few thousand hotels and a lot of airline volume, all of that volume in digital payments dried up. So we saw a 30%-40% impact in the month of March and April but in May we saw about a 30% increase from April levels and in the month of June, we are almost at a point where we believe we are processing volumes to the pre-COVID level. We believe that not every business has still come up online and working regularly. I think there is a significant opportunity for us to build up on the volumes when the entire ecosystem of our merchants are able to process but with all the activities that we have done in the past year in terms of allowing a lot of utility companies, a lot of education institutions and many of the merchants who we signed up with, in terms of addition of merchant base, we were able to get good traction in the month of June.

As far as the other opportunities in UAE and other geographies are concerned, specifically in UAE, we saw good improvement in volume while we are in the top three payment solution provider in the Middle East, in the UAE we saw that volumes continued to build up and even during the Ramadan period and holiday period we were able to see good volumes.

Internationally, Saudi we have opened up. We are still in the growth phase in Saudi. We have added merchants, and we have started processing in Saudi; UAE and Saudi account for over 60% of all in the GCC countries.

We believe that as this pandemic has wreaked a havoc and slowed down the economy, while we continue to evaluate what is the impact to us and uncertainty around it, the thesis is that many of the businesses that have an offline presence may have to build out an online presence because that is the best way to engage customers with your products and services, and we think that as more and more businesses want to build out their online presence, we have got the tools, the software and



frameworks to be able to enable them to build out their presence and we also have phenomenal digital payments' horizontal layer that allows them to capture payments as well.

Very recently, in the past few weeks, we have seen that there is a significant opportunity also to take a look at the issuance space, and in specific in the card issuance based on corporate, and that is one of the reasons why we have acquired Cardpay. So, as a result, we think that as we build out the issuance business there is an opportunity we have opened up, secured lending which is what Vishwas highlighted, which allows us to monetize even further on top of the volumes on acquiring that we have build out, by allowing merchants to do processing earlier, they can get their money faster compared to T+2 settlement. So with these kinds of initiatives we think that with COVID and life post COVID as well there will be changes in terms the way business will interact and we think that we have got the tools and the frameworks to be able to offer to merchants who would want to build up specifically around the online framework.

And also in January government announced RuPay cards and UPI based transactions at zero MDR. While there was some impact in single-digit percentage for us but fortunately we were able to continue building up our revenue base as well as our transaction volume in that quarter. So this is as far as the COVID impact is concerned.

Your second question was?

**Deven Choksey:**

My second question was on unlocking of the valuation of shareholder?

**Vishal Mehta:**

There were certain non-core businesses, there was a marketplace business that we used to operate and there was business whereby a lot of SMEs were able to build out their online presence as well and we also had partially owned subsidiary companies called DRC Systems, which provided software services. So we said that the focus of the company will continue to be Enterprise Platforms which are highly scalable, highly customizable, multi-tenancy, deep integrations and many others along with digital payments and build out Fintech framework and a Fintech opportunity for us. That became the focus of the company. We have filed for divesting of those non-core businesses, which have

opportunity to get listed and as they get listed, the shareholders of Infibeam will get an opportunity to own shares of additional listed companies as part of this demerger.

**Deven Choksey:**

Do the shareholders themselves will get it? Or the company will get the shares, Infibeam will get the shares?

**Vishal Mehta:**

The shareholders of Infibeam will get the shares.

**Deven Choksey:**

When is this expected to happen?

**Vishal Mehta:**

It is a regulatory process. They do have status updates. While we cannot comment specifically on the timelines but we had filed in the month of October 2019 and we believe in due process we will be able to get additional insights on that.

**Deven Choksey:**

What kind of valuations the companies could command; a ballpark basis some from a competitive basis, is it possible?

**Vishal Mehta:**

Yes that will be part of the filing. In other words, if you recollect we had divested our entity in 2019 which is NSI into Suvidhaa and there was a relative valuation it was a cash and share transaction. As we demerged portions of our SME business into that enterprise it will allow shareholders of Infibeam to own shares of a listed company so the same thing with DRC as with Suvidhaa, there is a swap ratio as well that is defined in terms of number of shares and try to get a valuation out of the same.

**Deven Choksey:**

Thank you. Vishwas Bhai, I think one question for you. The point that you mentioned about the new version GeM which got launched and probably you stated that it is getting into higher amount of volume in the business. I was just trying to understand what it could mean for us now and what was it last year versus what is the run rate now which is currently operating?

**Vishal Mehta:**

The stats of GeM will be available online on [www.gem.gov.in](http://www.gem.gov.in). The new version, which is GeM 4.0 has been announced and in that the experience of the buyers and experience of the sellers, will have a tremendous upgrade. As more and more products and services keep on getting listed the potential of more interaction becomes very high. To give you an example, not just products even services have started getting listed and that it is a completely different space perhaps unlike any marketplace before. So, in terms of commentary in the volumes, we would not be able to comment specifically on client specific numbers but we believe that as interactions keep on growing and there is improvement in terms of experience between buyers and sellers, you would see an improvement in terms of numbers. As far as the total amount of volume of transactions processed I think that numbers out there on GeM is upwards of INR 50,000 crore.

Srikanth you may want to add.

**R. Srikanth:**

Actually, the GeM commercial project was started in 2018 as you all may be knowing and we are in the project phase, the development phase, but at the same time we were in the commercial phase in 2018 and 2019 was fairly full year, but for COVID, the volume could have been significantly higher. But, having said that, the procurement value is over INR 50,000 crore as we speak. I think for all practical purpose, the government is very bullish on this e-procurement business. Slowly, steadily, they are adding all the institutions, most of the institutions under one umbrella in order to have transparency, in order to have the procurement actually in a very professional manner this system is actually a world-class system, so no doubt about it and in fact it has been appreciated by the department several times, in several meetings, in several takeaway meetings and so on. So I think in

any project of this kind of a nature the first three years is always a slow growth in terms of procurement because India is such a large country, it has to get an acceptance actually from all the users and that trend is actually over and now, but for COVID, we would really expect some significant numbers and we believe that the traction is on, and in any case the good news is that our revenue numbers are based on transaction based and therefore as the transaction volume goes up, our revenue numbers will also go up.

**Deven Choksey:**

Nitin Gadkari has been saying that all MSMEs wants to be on this platform and he wants the growth of the MSME for this platform itself because I think they want to open a domestic as well as for the overseas requirement of the customers so is there any progress in this direction?

**R. Srikanth:**

Yes it is actually a great initiative by Government of India and the good news is, it is coming under the radar of PM Office and so I think for all practical purpose the government is extremely committed and it is happening in pockets and we believe that it will take some time to have a shape, but I am sure it will happen.

**Deven Choksey:**

Thank you.

**Moderator:**

Thank you. We will move on to the next question that is from the line of Deval Shah an investor. Please go ahead

**Deval Shah:**

In previous quarter there has been mention that company is at a very advanced stage with very large enterprise but in this quarter's presentation the company has not mentioned it so what is the status of that particular matter, what is that and we would like to know about in detail?

**Vishal Mehta:**

I think what we said in the previous quarter about this large contract is actually true and by virtue of a large company and large contract it is taking actually time and the consummation is taking a little bit of time on the contract version point of you and the main reason is actually last 70 days of COVID is definitely one of the main reason. I think the traction is on and as and when the contract gets consummated we will be able to announce.

**Deval Shah:**

It is still going on right?

**Vishal Mehta:**

The traction is on.

**Deval Shah:**

Okay. Thank you.

**Moderator:**

Thank you. The next question is from the line of Deven Choksey. Please go ahead.

**Deven Choksey:**

The amount of cash I think that you are now having in the balance sheet, what is the plan, what exactly you want to do with that cash?

**Vishal Mehta:**

Two things, one is we want to continuously generate cash, we want to convert EBITDA to cash flow, so that has been the philosophy of the company. The cash which is there, one of the things that we are looking at doing is along the lines of secured lending. When I talk about secured lending for the merchant, for customer who pay the merchant there is typically a T+2 to T+3 settlement cycle and in

the COVID era everyone, all merchants they would be focused more on cash flow so in other words they would perhaps would be okay giving additional bps a day to get the money faster. The reason we call it secured is because it is already there in our bank's escrow account. To give you an example, when the customer swipes a payment instrument, it takes at least T+1 day for the amount to show up in to our escrow account and it takes T+2 days for us to remit into the merchant account. Now if you are able to provide and charge additional bps by settling with the merchant faster, then you could start earning additional bps, additional amounts on every transaction that is one thing that we think makes it very interesting. Second thing is international expansion is a very important opportunity for us. We have experience on how we built out UAE and made it profitable. We know we can build out Saudi and make it profitable. USA is a humungous geography, U.S. is the second largest payments set-up in terms of a market segment share in the world so we think that some amount of forward investing into those geographies to build out a highly profitable and cash flow positive business will be also very valuable. I think that we want to track how COVID plays out. Fortunately, digital payments would be the first one to see a jump when this lockdown opens up, we think. But we want to be conservative in terms of how we deploy cash and where we spend our efforts, and our focus is razor sharp on digital payments and frameworks and platforms. So I think with that said, I think international expansion in one place and second is the issuance or the secured lending opportunities will be the second opportunity.

**Moderator:**

Thank you. The next question is from the line of Tarun Gupta. Please go ahead.

**Tarun Gupta:**

Good evening. Thanks for the presentation. Are we planning to get in touch with some institutional investors who are willing to buy stake in the company?

**R. Srikanth:**

I think, cash is the king, cash is always required actually as a growth capital to seed our expansion both domestically and also internationally. Company is very actively looking at, irrespective of the valuation, raising growth capital from the prospective investors and we are in talks with some of the prospective

investors, some of the large groups in the US and in fact with one of the investors we even signed a non-binding term sheet to raise capital. At the right point of time we will get into very active conversation and should there be a deal, we will definitely be able to consummate the deal and we should be able to really communicate to the market.

**Tarun Gupta:**

Thank you.

**Moderator:**

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

**Vishal Mehta:**

Thank you all for joining us and we hope that you will be able to join us again. Keep safe and we will keep you updated.

**Moderator:**

Thank you. Ladies and gentlemen that concludes today's conference. Thank you for joining us. You may now disconnect your lines.