May 12, 2022

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

Dear Sir / Madam,

Sub: Transcript of Earnings Conference Call for the quarter and year ended March 31, 2022

In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Investor /Analyst conference call on financial performance of the Company for the quarter and year ended March 31, 2022 conducted after the meeting of Board of Directors held on May 09, 2022, 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

Infibeam Avenues Limited

Shyamal Trivedi
Sr. Vice President & Company Secretary

Encl.: As above

“Infibeam Avenues Limited
Q4 FY2022 Earnings Conference Call”

May 09, 2022

Analyst: **Mr. Rajat Gupta – Go India Advisors LLP**

Management: **Mr. Vishal Mehta – Managing Director**
Mr. Vishwas Patel – Executive Director
Mr. Sunil Bhagat – Chief Financial Officer
Mr. Purvesh Parekh – VP & Head, Investor Relations
Mr B Ravi – Strategic Advisor

Moderator:

Ladies and gentlemen, good day, and welcome to the Q4 FY2022 Earnings Conference Call of Infibeam Avenues Limited 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rajat Gupta from Go India Advisors. Thank you and over to you Mr. Gupta!

Rajat Gupta:

Yes thank you Margreth. Good afternoon everybody and welcome to Infibeam Avenues Limited's earnings call to discuss the Q4 FY2022 results. We have on the call with us Mr. Vishal Mehta, Managing Director; Mr. Vishwas Patel, Executive Director, Mr. Sunil Bhagat, Chief Financial Officer, Mr. Purvesh Parekh Head Investor Relations and Mr, B Ravi Strategic Advisor. We must remind you that the discussion on today's call may include certain forward looking statement and must be therefore viewed in conjunction with the risk that the company faces. May I now request Mr. Vishal Mehta to take us through the company's business outlook and financial highlights subsequent to which we will open the floor for Q&A. Thank you and over to you Sir!

Vishal Mehta:

Thank you Rajat. Good evening everybody and welcome to the call to discuss Infibeam Avenues' Q4 FY2022 as well as the full year performance. We are embarking on this call on a very sad note professionally. We have lost our colleague and our Group President, Mr R. Srikanth and his wife yesterday early Saturday morning Sunday in a very unfortunate event. It has come as a very shocking incident to the entire Infibeam Avenues family. Srikanth was a fantastic professional and he had made significant contributions which had a very deep impact on our organization. He was very instrumental in leading some of our large mega business deals and was always at the forefront of dealing with market participants. Most of you on the call today must have frequently interacted with him. We stand by Srikanth and his wife's family in this time of immense grief. He will always be missed and fondly remembered. As a mark of respect we will take a 30 second pause … Om Shanti.

Coming back to our earnings during the quarter gone by I trust that all of you had the opportunity to run through the earnings presentation which was shared earlier today. This has been a landmark year for us and we are very happy to announce that we have achieved significant milestones this year. Before I discuss the financial performance in detail I would like to update you about a few business initiatives.

In Q4 2022 we acquired a technology company called Uvik, which is into contactless payment space. The technology Uvik brings is transformative, which will enhance the payment experience both for merchants as well as consumers. It will also convert any smart phone into a payment terminal. We are extremely excited about this acquisition as we believe it can change the digital payments as we know today by making traditional capex heavy and high service point of sale machines redundant by allowing merchants to simply download the app, do the digital KYC quickly and start accepting payments in various ways. Currently we are the only company in Asia certified for 'PIN on Glass' technology. We have successfully completed the integration of Uvik with Infibeam Avenues payment gateway CCAvenue. We have now branded it as CCAvenue TAPPay.

We launched TrustAvenue in the last quarter of 2022, a smart and intelligent marketplace platform with rich analytical data of over millions of our merchants that can be used by lenders to expand the lending base. TrustAvenue will also enable merchants to discount bills and get working capital loans, which would have been difficult for them earlier as lenders would have lesser credit history or visibility to underwrite such loans for merchants. As we are all aware despite significant growth in digital payments the Indian market is hugely underpenetrated with more than 70% unbanked and underserved population. Looking at this huge opportunity we along with our consortium partners have applied for the NUE license to set up a PAN India NUE focusing on retail payment systems. This will help us to develop, own and operate a new cross-border retail payment network. We are awaiting RBIs nod on the New Umbrella Entity license. RBI in February clarified that NUE plan is ON and it is just delayed.

We are also expecting RBI to give licenses to payment companies for running a digital payment business in India made mandatory by RBI under the Payment and Settlement Systems Act. Licensing will ensure customer safety and ensure legal payment transactions.

The government e-Marketplace or GeM has achieved a significant milestone last year by crossing one lakh crore in GMV in FY2022 and targeting an even higher GMV in FY2023 with the integration of Indian Railways, Public Works and other initiatives to bring more business in GeM portal to enhance transparency, efficiency as well as savings.

On the international business front I am also very happy to report that our international business is doing extremely well and we are on a run rate of processing AED 8 billion annually from just AED 2.8 billion in FY2021, and we have been able to scale up this business with an extremely lean workforce. We are extremely happy with the growth prospects in UAE which is now meaningfully contributing to our PAT despite being 5% of our India payment size. Further we are launching in Saudi Arabia and USA as well as in this financial year and we are evaluating other international locations for subsequent launch as well.

We have created a unique and differentiated payment business, one that we are very happy about and we have presented it in the opening slides under company overview section which I would request Vishwas to briefly discuss. Vishwas over to you!

Vishwas Patel:

Thank you everyone for being on the call. I will just take you quickly if you can refer to the company overview section in the earnings presentation. Infibeam Avenues Limited has evolved as a payment infrastructure company; it is providing a seamless and a holistic digital payment solution to accelerate its growth. Past investment in developing digital payment infrastructure has started fructifying and delivering growth for Infibeam Avenues Limited after the pandemic triggered digitalization of the economies.

For years Infibeam Avenues Limited has built its digital infrastructure and currently the Company is comfortably poised to capitalize on its digital infrastructure be it Payments, Platform and Finance.

The deferential factor is our infrastructure, where we had embedded our digital infrastructure through white labelling our digital product and have given it to banks like – HDFC Bank, ICICI Bank, Kotak Bank, Mashreq, JP Morgan and others. Similarly, Jio Mart and GeM (Government e-Marketplace) are built on Infibeam's digital infrastructure.

The company has also given a lending infrastructure platform TrustAvenue where lenders and merchants can come together on the same platform and do the lending transactions.

Infibeam Avenues is also expected to build UPI like infrastructure in the NUE licenses if it is awarded to our consortium.

The digital infrastructures become an inseparable and indispensable part of any banks, financial institution or e-commerce players once it gets embedded into their systems. Thus with a long term perspective Infibeam Avenues has invested and developed its digital infrastructure which has now started fructifying and delivering continuous growth quarter-on-quarter especially after the advent of the pandemic and the aggressive adaptation of the digitization in the country and globally.

I will now ask Mr. Sunil Bhagat, our Chief Financial Officer to touch upon the financial and operational performance. Over to you Sunil!

Sunil Bhagat:

Thank you Vishwas. Good evening everyone. We will quickly take you through the financial performance. FY2022 was the strongest year in Infibeam Avenues' history. We are now at an all-inclusive run rate of Rs. 3.7 lakh crore or we can say $49 billion from TPV of Rs. 1.4 lakh crore in FY2021.

For Q4 FY2022 consolidated gross revenue that we reported was up by 84% year-on-year, down 7% quarter-on-quarter at Rs. 369 crore. Within this gross revenue, Payment business gross revenue is a function of 'business and payment method mix' which impacts the gross take rate. Hence, higher contribution from fixed fee or low take rate business mix like utility, education, insurance, etc., and higher contribution from low take rate payment methods like debit options compared to credit options reduces the gross take rate and hence gross revenue.

However, our net revenues were up 15% year-over-year and 9% quarter-over-quarter and has been growing across all the four quarters of FY2022. This is on account of gradual improvement in business front from COVID impacted sectors and now improved payment mix also.

For FY2022 our payment method mix was approximately 45% credit cards including BNPL, approximately 5% UPI and the remaining were debit cards, wallets, net banking, etc. Lower UPI and the mix of bill payments, hospitality payments, express settlement and infrastructure services are contributing to this increase.

Bill payments created highest record ever. Bill payments TPV for full year were Rs.10170 crore, up 4x year-over-year. Volumes touched 85 million this is also up 3x year-over-year and gross margin in this business is approximately 40% which were in teens just two years ago, just before COVID.

Lending update, for FY2022- The company did Rs.4240 Crores of Express Settlement. We are at an annualized run rate of around $800 million based on Q4 FY2022 run rate versus $100 million run rate in Q4 2021.

Separately, during the quarter and FY2022 the company has provided for the impact of changes in the fair value in case of investment in equity instruments. The net impact of changes in fair value gain or loss is disclosed under the other comprehensive income and has no bearing on the existing business and margins.

Also, the Company has reversed the excess income tax provisions of earlier year and recognized the deferred tax liability on difference in tech base, on goodwill and different deferred tax assets on unabsorbed depreciation under the income tax law. The impact of re-measurement of deferred tax on above his accounted in Q4 2022 and FY2022. Accordingly previous periods' tax expenses are not comparable.

We are focused on creating superior shareholder value. Our Q4 FY2022 based ROE on the standalone business excluding investments is more than 20%. We are now confident to generate good returns through new business initiatives. With this I will now hand over the call to our MD, Mr Vishal Mehta.

Vishal Mehta:

Thank you. There is a huge headway to grow in our country in digital payments and there is also a huge opportunity with this kind of innovations that we are building upon. We are going to continue to innovate to grow and to increase our relevance to merchants and banks and continue to create value across digital payments.

As our business model has started stabilizing and delivering results we are now confident of sharing outlook and guidance for the coming year. For FY2023 we are targeting to achieve the following;

- We expect to process Rs. 4 lakh crore in FY2023. We will be at a run rate at the end of FY2023 at Rs. 5 lakh crore.

- We are targeting 9% to 10% market share of digital payments excluding UPI in India from current 8%.

- Gross revenue is expected to be in the range of Rs.1600 to Rs.1700 crore. The higher range of gross revenue considers faster than expected growth in new business initiatives like lending.

- We expect EBITDA in the range of 170 to 190 crore and a profit after tax in the range of Rs. 110 to Rs. 120 crore.

I will now hand over the floor to the moderator for questions and answers. Thank you.

Moderator:

Thank you very much. We will now begin the question and answer session. The first question is from the line of Srishti from Wellwin Consulting. Please go ahead.

Srishti:

Hi Sir. Thanks for the opportunity. My first question is how do we see the payment processing companies losing out on the overall revenue by the shift in merchant payments towards low yielding form factors such as UPI and that is coupled with rising competitive intensity across payment modes, which is driving the overall payments fee yields lower across the ecosystem first is that. Second would be on the broader side of international business given that India has a massive opportunity in itself in terms of digital sales so what is our rationale of going global and entering more geographies given that there might be competition as well and how much growth we can expect coming from those markets in medium to long term?

Vishwas Patel:

To answer your first question on the digital mix of the transactions, so UPI accounts for 5% of our overall payment that happened on our system so 95% is through the other payment options. We have 200 plus payment options; there are credit cards, there are debit cards and net banking, there are wallets, etc. There is good MDR to earn from these and that reflects in the overall gross revenue and the net revenue increase that we have reported. Second thing is, on the UPI and on RuPay debit card there is a plough-back from the government also coming in, around Rs. 1300 crore for the year that has been sanctioned by the Finance Ministry to the players namely the banks and us. So, those earnings will continue and if you see on a very, very macro picture today digitization is only 21% of our economy. There is a huge headway of 79%, which still needs to be digitized. And the market and the merchant growth that comes in so those kind of digitization effort today when we are looking at so many other payment mechanisms like any type of commerce where payment has to be made, product or service delivered and payment where we need to get in there so be it via student paying to his tuition teacher or a tuition teacher going to Kirana to buy something for that money or the Kirana paying that distributor for the goods, so the whole ecosystem needs to be addressed. There is a huge headway and I think only four or five focused players like us are looking at the trillion-dollar opportunity here. So, there is money to be made on every transaction that is there and lots of payment options India has, the highest number of payment options and with this overall ecosystem you see that we are adding 8000 new merchants everyday so there is going to be a growth in the digital transaction. We are still fighting against the Rs.29 lakh crore of cash that is there in the market and a huge scope to go after this thing so with this and adding more and more merchants we are making them digital, we are making them credible and giving them lot of access to other related service platforms and finance coming ahead so that is the whole ecosystem.

As far as going international is concerned, India leads the world in the payment technology that in multiple markets that are there. For last 20 years our sole focus has been the Indian market, but over the last couple of years we have seen that the technology that we have evolved is much better even than say United States of America or many others. When we went and tried it out in a test market like UAE with a population of around 8 to 9 million people and still we can do in 2 to 3 years around AED 8 billion worth of processing, so the kind of technologies that we have built here, those are easy pickings and we needed to have a global market, it's good earnings. So similarly that is the whole effort of we going into our tech infrastructure given to banks in Oman, and are now launching in Saudi and today in our Board meeting we have taken approval for a subsidiary in Australia. We already launched a subsidiary in US so with the new form-factors like TAPPay and everything else, it is a very transformative technology in the payments which will work across the world. Anybody right now, instead of putting Rs.12000 for point of sale terminal and then training the merchant, battery problems and giving them printer rolls to print those charge slips, instead, here is a very simple system where you can just download the CCAvenue app on your android phone; you might be in a village somewhere in Mizoram or Odisha and as a Kirana shop owner you can just download the app in your android phone and start accepting payments from credit card, debit card, RuPay debit card from your customers across the town. So this transformative technology really inspires us to not only focus in India but go around the world where we can be a dominating force, so that is the whole proposition. I hope I am able to answer this part.

Srishti:

Thank you so much Sir for the detailed explanation and I will come back in the queue.

Moderator:

Thank you. The next question is from the line of Sanjay Awatramani from Envision Capital. Please go ahead.

Sanjay Awatramani:

Yes good evening and thank you for giving me this opportunity. Sir for FY2023 you mentioned that EBITDA to be in the range of Rs. 170 to 190 crore and PAT to be Rs. 110 to 120 crore, is this understanding correct?

Vishal Mehta:

That is correct.

Sanjay Awatramani:

You said that you are adding 8000 new merchants daily which are signing up and the transaction charges are like per transaction basis so what will be these per transaction charges? will this be vendor pay or the customer pay how is this transaction going on exactly if you can help me with this?

Vishwas Patel:

So basically the MDR is charged by us on the merchants who accept the payments. Say you go to a Shoppers Stop outlet and you are giving your Visa credit card and buying something say Rs.100 shirt or something like that. So what happens is that the next day the settlement goes for a credit card the average charge average is around 1.8%. What that means is that Shoppers Stop will receive 98.2%, the consumer is not charged anything so you pay Rs.100 through a credit card and you get Rs.100 worth of value be it at Kirana store or at Shoppers Stop. The MDR is borne by the merchant. We charge the merchant. As I said earlier in the earlier question we have 200 different options with different price points. The most expensive are the credit cards for a merchant which is at around 1.8, then comes net banking, net banking is something where on our checkout page in our website you will say I want to pay through my HDFC Bank's net banking, so it goes to the HDFC Bank's page and where you will put your net banking log in and do the transactions, those are little cheaper. Different wallets have different price points. RuPay debit cards come under the RBI so they go from 0.45 to 0.5, but for Master and Visa debit cards and others, so all have different price points so no price is the same. In credit cards also American Express is traditionally higher than a Mastercard, Visa, so these MDRs are borne by the merchants.

Sanjay Awatramani:

Yes this is very helpful and one more additional thing you said that you are planning to expand in Australia and in the US as well so is there any major capex involved or you are going through the acquisition or just an expansion phase how is this you are moving ahead?

Vishwas Patel:

So most of the technologies as I said earlier is already built out, so when we go to UAE, let us take UAE as a smaller example where we are doing AED 8 billion a year now. UAE if you go on Emirates Airlines you will find CCAvenue PG there, if you are booking a ticket to go to the top of Burj Khalifa you will find CCAvenue there, so the logic here is that if you see our business model, we have doubled our TPV year-on-year, like this year we have reached the TPV to around Rs.85,500 crore in Q4 and we have almost doubled from year-on-year. This year our TPV is Rs.2,80,000 crore, it is a 100% jump, but if you see the total number of resources, the trained people we have it is 600 people that service the entire India platforms, payments, the business in UAE, in Oman, in Saudi. This kind of scalable model you will find only in this IT businesses that we are, so our CCAvenue payment gateway is built in. What we have to do is locally go into any country, tie up with a local acquiring bank and start transacting there. Today in UAE there are only eight people who look after our marketing and local language support so that is the kind of business model which scales so far and there is good business so that is the place where we are.

Vishal Mehta:

To add to just what Vishwas said, our internal bias is always to build and not to buy but we keep on evaluating opportunities from time-to-time and if we find that it is accretive and it is helpful then we would pursue them. There would not be any major capex. We will forward invest somewhat in each of these regions.

B Ravi:

This actually is because the entire infrastructure is already in place, it is only a little bit of local support and local employment that is needed but the infrastructure works for itself and therefore it is almost like annuity kind of a thing wherever we can go.

Sanjay Awatramani:

This was very helpful Sir and some more questions if I can squeeze in! Can you share with me the current market share you are holding domestic and global and who can be our exact competitors or if you say the players which are into the same business if you can help me with that?

Vishal Mehta:

Basically, if you look at the payment aggregation space there are a few companies who will compete with us. You may have heard of the name BillDesk which has now been acquired by PayU where we compete for merchants. You would have also heard of companies like Razorpay and they typically work in the payment aggregation space. The one place where we are somewhat differentiated is that we work in not just doing an aggregation but we also provide payment infrastructure to banks, so in other words in our prior calls we have talked about working with the likes of say for example Kotak Bank, so for Kotak Allplay if you take a payment gateway it will be through us and same thing where many of the B2B solutions of HDFC Bank, Mashreq Bank and many others. If you look at the slides that we have sent out in earnings presentation, specifically there is a slide on payment infrastructure, which I would recommend which is slide number six and in slide number six and seven you will find quite a bit about what we do, and specifically slide number 7 where we provide payment as an infrastructure solution. Globally if you look into companies there is a company called Stripe which is based in the US. Stripe offers payment infrastructure solution and not just aggregation, so you can imagine that we are somewhat modeled around those with our own nuances, so that is the landscape in terms of the payment setup that is concerned.

Earlier in the call I also mentioned that in terms of the market share excluding UPI because UPI has a lot of transactions happening on P2P so if you exclude UPI currently we believe our market segment share is about 8% and we will attempt to go this year in FY2023 from 8% to 9 to 10% so based on that projections we have come up with our own estimates in terms of how we will look for budgeting in this year.

Sanjay Awatramani:

This was very helpful and thank you for all the answers. Good luck Sir.

Vishwas Patel:

Just to add on to this one what Vishal said multiple platforms have multiple competition, so payment platform if we exclude UPI we are at around 8% going to 10 to 12% but if you see BillAvenue which is our utility payment platform, one of the platforms that is there so on the biller side we have a 90% market share. Even on the volumes we do Rs.10,170 crore on the bill payments part which has grown almost 4x from last year. So there are multiple platforms and multiple businesses, so platforms and businesses you will have to deep dive in our presentation and if you have more queries then let us know.

Sanjay Awatramani:

As you mentioned that this is the share, I know that we are not a payment bank but all these Google Pay and WhatsApp pay will be into the payment bank right we are just a merchant?

Vishal Mehta:

We are a payment aggregator and if you look at the macros part we are payment aggregators and we look on the top part that is there, where we focus on the merchants and the bank. Google Pay and others are intermediaries of UPI who provide services to consumers, different line of business and cross sell customers other services like insurance, brokerage, all those other stuff that is where their business model is. So they look at the consumer side of giving that and then giving them consumer loans, giving them rail ticket everything, all cross sell other services so that is their model. We are focused on the merchants and the banks. Any fintech earns from three players one is the merchant, other is the bank and the third is the consumers. We are focused on the merchants and the banks; they are focused on the consumers.

Moderator:

Thank you. The next question is from the line of Priya Harwani from Perpetuity Venture LLP. Please go ahead.

Priya Harwani:

My first question is on government e-marketplace license which is about to expire soon so do you see any competitors bidding for the same or you expect to hold this position for the next term too?

Vishal Mehta:

So if you recollect we have taken up this project in 2017 and we have been on this project for the last four-and-a-half years. We have built out this system which is very elaborate, so in other words we know there is significant amount of work that has happened. Last year alone government e-market place they clocked more than Rs. 1 lakh crore in terms of total transaction volume and this year it is expected to even be higher. So, to give you a sense, I think, in terms of technology and infrastructure there is significant amount of complexities that are involved in terms of build-out and we have been able to design, build, implement and manage it for the past several years. To answer your question about renewals, we expect that there is always a process that is followed in terms of the government RFPs. But given the scale and complexity we are hopeful that we would be able to continue with the build up going forward. There are provisions in that which gives you extension before you again invite new bids and as soon as we have more announcements on that we will share with you.

Priya Harwani:

Next question on the NUE plan, so what is the current status on that and when do you think that RBI will announce the winner for that?

Vishwas Patel:

RBI has been pretty busy with lot of applications on different licenses so I know for a fact that now the payment aggregator licenses are being rolled out and there are other digital banks and NUE all in the rear seat, so right now we have no particular guidance as to the timeline from RBI, But a lot of consortiums have put in a lot of effort to build it so we expect that they should take up soon. The Governor was asked, he said the word, “soon” so let us see how and when RBI comes in; we have no insights into that to comment.

Priya Harwani:

This is helpful thank you so much.

Moderator:

Thank you. The next question is from the line of Sri Karthik from Investec. Please go ahead.

Sri Karthik:

Hi Sir thank you for the opportunity. My first question is let us say for the take rate has shown an improvement on y-o-y basis, I wanted to understand two things one is, is it largely because of the spend mix, and two are we starting to see any reduction in competitive intensity by some of the private equity funded players given what we are seeing in the funding market so that is my first question, second when we look at our market share of 8% and you are hoping it to improve to 10%, I am trying to understand using the larger ecosystem who are the players who are actually being losing market share within the payment space, so those are my two questions?

Vishal Mehta:

In terms of competitive intensity and what you raised in terms of the take rates so we do not expect the competitive intensity to reduce at all, in fact the way we plan for things is to assume and be slightly paranoid about intensity actually increasing with the funded players, so if you look at our past history also there has been a lot of companies being funded. This is not a new phenomenon for us. We have lived this world for the last five years where there is humongous amounts of capital which is coming in. Many of these companies in there give lot of promotions and do activities in marketing to try and see if they are able to capture. With whatever we have, we are focused in terms of ensuring that we are able to keep on building up in spite of these kind of intensities and continue to build out our relationships, have that discipline of being able to work on our plans and build out very strong and defensible tech framework and the infrastructure framework and continue to create more stickiness with our merchants. So I think from that perspective we do not expect the intensity to reduce at all, in fact we expect that it should continue and it may even get into more and more competitiveness, but for that we shall be prepared.

The question in terms of the take rates we have seen that many of the merchants who were slightly dry after COVID picked up so the mix is you know some of the reasons why we have seen improvement in terms of our quarter and we think that as and when we add the quality of merchants and continue to build up we are not optimizing for the mix, we are more optimizing in terms of how do we actually create more stickiness and how do we add more and more merchants, and how do we create our payment infrastructure to become more defensive as we go forward, that is what we obsess on, not as much of a mix. But it is reasonable to assume that the mix will change and update as the volumes keep on building up.

In terms of payment gateway you mentioned that who is losing versus who is not! I think that if you look at the Indian ecosystem we think that we are in the top three for sure. Many of the companies in this payment gateway space and aggregation space in India are unlisted and so there are lot of numbers out there, what we report in terms of our processing volume is the ones where we have successfully processed the transaction and not attempted a transaction. While there may be different practices out there across the industry in the unlisted space it is very hard to compare apples-to-apples given that the definition may have a different connotation when it comes to unlisted players, but in terms of market segment share we believe that there has just recently been horizontal acquisition whereby PayU has acquired BillDesk. The perspective that we carry is that the number three guy in the industry bought the number one guy so we still maintain our position, but like I said as different folks in terms of transaction volume we expect that certainly I would not have an exact answer for you, who would be losing market segment share I am sure there are other payment gateway aggregators also who are out there who maybe in the business, but like I said in terms of the profitable transaction volume and processing volume we are definitely out there for sure.

Sri Karthik:

Thank you so much.

Moderator:

Thank you. The next question is from the line of Ayushi Shah, an individual analyst. Please go ahead.

Ayushi Shah:

Hello Sir. Sir congratulations on a great set of numbers. My question was that according to me the business model of Infibeam has been appreciated and most people have historically not understood it well. I believe this has been like a reason for the lack of stock price appreciation as well as lack of major investor interest in the company. So what could be done and is the management planning on introducing any names which could mitigate this information gap and create value for this company and in the last earnings call you had stated that the company was planning on aggressively marketing to reach its TPV target of $100 billion from the then $44 billion run rate so what kind of efforts has the company undertaken in order to achieve this target?

Vishal Mehta:

I will take the second one first. We are committed to achieving TPV of $100 billion. We are already at $49 billion run rate and we expect that we will continue building up. So far all of our transactions have been online transactions, which means that you have either a web application or a mobile app application and we have a take rate on each of these transactions. We are not in the offline point of sale world at all. We have always focused on online. While online has huge growth potential, we will continue focusing on that, but in the offline world with this acquisition of Uvik that we have made and Vishwas talking about a potential app that converts a phone into a point of sale machine rather than you as a merchant spending tens of thousands of rupees and with a printer roll and all the ink cartridges and all of that to be able to support transactions, you can potentially just make every mobile phone a POS machine and so with that not only can the large merchants accept point of sale digital transactions but even the smallest merchants can do it and the argument is that there is a QR code for small transactions well guess what the QR code does not have credit, so fundamentally if you are able to build out an application with the technology that we have that accepts not just QR code alone but also credit, debit card, all different card types and practically every payment instrument which is potentially out there then it becomes a very different proposition which we call TAPPay which we are planning to launch and through those launches we will expect to have lot more merchants come in and download the application and utilize it. We have already done a pilot test run and it is there live right now across 5900 locations so we think that in the next few weeks we will want to actually talk more about it so that it becomes very attractive for merchants to be able to try this out and through that we will try to build out more and more visibility. We will of course have certain events. We will try to reach out to more and more merchants, as well as in some cases investors as well to talk about this model.

The first question about how do we actually bring more visibility of our business and business models I think the best thing that we have realized is to work with the right set of agencies that talk about it and that allow us opportunities where we discuss and talk about what we do and that is where we start. We have already made certain headways there and we are going to talk about what we do and not necessarily sell and convince which has been our philosophy. So we expect that and we hope that we will be speaking to more and more potential investors and talking to them about what we do and yes the company has plans to try and see if we are able to get the right investors through execution not optics, so we will continue to focus on execution as we go through.

Ayushi Shah:

That does answer my question. This is a followup question on the QR code part of things, are we concentrating on the rural market then especially for offering those lending services and basically what was previously met by informal credit?

Vishwas Patel:

We are not looking at only QR code. If you understand the technology of TAPPay, it is transformative and can be used by anyone, not only merchant but anyone to collect any kind of payment. It is just not tapping a credit card or a debit card at the back of your phone but it is also instantly when you are collecting a payment you put it on a calculator type of screen and say I want to collect Rs.125 so there are three options on top, either it is just TAPPay for credit card, debit card or there is a QR code specific to the merchant or transaction which he can just display to the other guy to scan the QR code, the way it is happening now, or third it is a payment link where you can just send a link over WhatsApp and SMS to collect it. All 200 plus options are available. So this is a very transformative technology which bypasses the entire POS terminal, the QR code and everything and it is on a mobile phone of any merchant. Any seller, if you are in a hotel, and you are checking out, so the guy who comes to see whether you have taken anything from the room can tell you, this is the bill, please tap on my phone and close. You do not have to go to the reception counter and check out also. So it is very transformative, it bypasses every kind of POS terminal or QR code, payment link and everything.

Ayushi Shah:

Thank you so much for the comprehensive answers.

Moderator:

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

Amresh Kumar:

Sir I want to ask a very basic question. When I go to websites to pay my utility bills or some other bills I see your CCAvenue and I see other options like BillDesk and Razorpay, etc., so these merchants for these websites how easy is it for them to integrate say other payment mechanisms like UPI, etc., along with yours?

Vishwas Patel:

So basically it is up to the utility to integrate how many PGs they want which we cannot control. Ours is an offering based on certain functionality that we can offer so you see CCAvenue, then there is an alternative bill payment that is BillAvenue that we have that works on the same concept where you do not need to go to the biller website, we are getting the entire feed in one thing of all utilities that we have onboarded or all utilities onboarded and can give it into any interface like you go to a bank interface or you go to say an outlet in any small shop across the station in any part of the country, so those kind of services are also there. So it works on multiple ways. It is up to the biller once they put it through our systems into the BBPS network or integrate multiple PGs on their own website, it is billers' choice. Integration depends on their tech team. Our integration is very simple when we say we onboard around 8000 merchants a day, so our pretty much integration is just like copy paste into a system and they can instantly go live on our payment system, so we do one hour activation and the integration is pretty simple.

Amresh Kumar:

So another question on this point only, nobody is asking this time that net take rates are going down, actually they have gone up in case of quarter-on-quarter basis so can we assume that this trend of decline in net take rates is over or do we still see that phase coming back?

Vishwas Patel:

The net take rates will keep improving. During this pandemic most of those utilities and other transaction went through the roof, education, utility, now those take rates are in a flat fee so say if someone is paying Rs.2 lakh rupees, the rate for a typical transaction here is only Rs.5 or Rs.6 per transaction, but in a credit card or something you are paying 1.8% or 1.0% of a Rs.2 lakh rupees, so that is why the take rate keeps going down during the pandemic because of the utility and education going through the roof and all the main other businesses which are on credit, debit accept like the travel, hospitality all those were down, so now if you see why the take rates are increasing except for the small blip of COVID again in January, the months of February and March all the transactions came back so you see all this Indigo, we power 22 airlines right, we power all this entertainments, which came back, we power 2000 plus hotels, so all those transaction started coming in which is more credit card, debit card and more on a percentage based take rates right so that is why you are seeing that the take rates are coming back that is the whole reason, so I think in the next quarter also you will see the take rates improving further.

Amresh Kumar:

Got it Sir. Understood. Thank you.

Moderator:

Thank you. The next question is from the line of Gunmeen Kohli from KRChoksey Shares and Securities. Please go ahead.

Gunmeen Kohli:

Thanks for the opportunity. This offline tap through app system which you just spoke about this will be offered exclusively to the current merchants and new merchants or will you be looking to monetize the same by offering it to other players, that is the first question and secondly can you run us through the unit economics of this and how similar will it be to the current POS ecosystem?

Vishwas Patel:

So basically as I said if you were a merchant in any village or town or in a city or anywhere right you just go to the android app store and just download CCAvenue TAPPay, that is the app that is there. What that enables is that then as a merchant just two to three minutes online onboarding with the eKYC and e-signing everything and then you become a merchant, and go live. Now it is very easy, simple to use, what we say that we have made it very easier to kind of solution that even the villager at a ground level should be very easy to understand. So if you are putting in an amount say Rs.500 it is like a calculator and you just enter all the options of TAPPay and everything. What does the POS terminal do? POS terminal also does the same thing. POS terminal you have to swipe the card or do a contactless card and just do the transaction. QR code also is there that the QR code is displayed on a sticker instead it will be displayed on this TAPPay phone only where any potential customer can just scan it and do the transaction. So the unit economics is almost zero from a Rs.12000 POS terminal that are deployed by the likes of Pine Labs and many others right. In the market that is there today this is a solution that can massively perpetuate. Today the acquiring side is suffering in India because that is why even you go to villages and towns you do not find POS terminals in these Kirana shops and others where it makes all the benefit for them to start accepting cards, because there is zero taxation for the level of business that is there, but the penetration down to the ground level is not happening, so you see many salaried guys at the end of month going to an ATM withdrawing cash and then trying to do a transaction in these villages and towns, so the thing is that how do we grow the acquiring base, so this is the kind of unit economics that is just download app and start acquiring. Hope it is clear.

Gunmeen Kohli:

Pretty much so another part of the question was what would be the percentage of every transaction Infibeam would be keeping and how is it different from the current ecosystem and on my first question again if we are using to monetize by offering it to other payment aspects as well?

Vishwas Patel:

As far as the monetization is concerned, the current take rates whatever that is there in the offline world is the same, it is thus the cost of the deployment and everything that comes down so if you are paying say 1.8% on a POS terminal as a merchant you are paying for credit card or Master Visa credit card in the TapPay also you will be paying something similar or little less because of the present scenario, but overall said and done that is there the unit economics and the earnings and the take rates will remain, the cost to them will remain the same, only thing is the cost of deployment which is a major factor of putting a Rs.12000 terminal, servicing it, India is a huge country you want to service a small villager in Manipur it becomes very difficult with local language and other support and other things. Here it is something which the phone lines are so well spread out, 1 billion plus SIM cards in the country like every village and town with the connectivity and data so very simple just download an app and you can start accepting so the unit economics the cost is of the deployment, training, the charge slip cost and other which you are saving, the end percentage of charging remains the same for the merchant, so our profitability should improve in TAPPay kind of scenario.

Vishal Mehta:

To add to just what Vishwas said you need Rs.4000 rupees android phone. Anyone who has android smart phone which is Rs.4000 rupees and higher will have all the functionality and features that is required for TAPPay to work.

Gunmeen Kohli:

Got it and we will be exclusively offering this to our merchants; we do not have any plans to go out to other payment aggregators?

Vishwas Patel:

The idea here is definitely we have a huge merchant network, sellers within CCAvenue, within GeM sellers, the whole ecosystem that is there you had a new technology and you add a new system and that whole ecosystem on the other side all the banks relationship and on the other side all this 5 million plus merchants and the new merchants we were able to tap instantly with all the KYC agreement done, so the first choice is yes definitely we are going to explore it within our merchant base. Like say in hospitality we have Taj group of hotels, Oberoi, ITC, Lemon Tree and 2000 other hotels. How do we give this kind of solution to them where they can have instead right now they have three or four terminals on their checkout counter, they can have 18 and 20 where they can collect it in swimming pool or in your room or everywhere, so that is kind of penetration because there is no POS device cost.

Definitely we will be monetizing within our systems. Our bank partners is also we will be working with some of our banks on both modes because ultimately our CCAvenue merchant we are acquiring transaction in the backend through a bank, so working with that bank with their network and our network will also be on the plans, but as I said this is a transformative revolutionary technology which will transform the current way of offline business so we are taking it international also so multiple monetization plans are there. You will see the results in the coming quarters.

Gunmeen Kohli:

Thank you. That was quite comprehensive. Good luck.

Moderator:

Thank you. The next question is from the line of Anil Nahata, an individual investor. Please go ahead.

Anil Nahata:

Yes thanks a lot. My first question is that I am seeing in Q4 as well as in the projections that revenues are not being able to keep pace with the increase in the TPV and with a positive take rate basically so is this something that is going southwards on the platform businesses other than the payment business?

Vishal Mehta:

So as far as the payment business is concerned the take rates have improved in Q4 compared to what Q3 was and in terms of the platform business as well there is actually given segmental results so if you look at the segment wise comparison in our results for Q4 you would see that in FY2022 on March 31, 2022 which is the last quarter so out of Rs.369 crore, Rs. 327 crore came from our payment business in the last quarter and if you look at the processing charge you will be able to come up with the take rate on that and there is a difference between what we would earn out of a GeM transaction. GeM transactions are built out as well which we have communicated in the past, but you will be able to get a perspective in terms of what the differential is between the two.

Anil Nahata:

I appreciate that. I think may be my question was not clear. See I am seeing on one hand like for example in the projection also that the TPV is going to be merely 50% increment from this year to the next year, how is that the gross revenue or the EBITDA kind of levels we are seeing an increase of 30% so where is the delta of 20% coming in, actually I would think that if TPV is increasing at 50% and the net take rate is on a positive direction the revenue actually and the EBITDA should be even bigger thing with operating leverage and everything else?

Vishal Mehta:

That is a good question so what we have looked at is that when we want to get into the offline business that there will be some forward investment that we will make in terms of people cost as well so if you look at the businesses that has evolved in the offline world, the likes of Justdial and many others, they have essentially forward invested in terms of the penetration. Even if it sounds very easy, we do not want to assume that it is going to be easy for someone to just download an app and start working so we will have set of people who will assist in terms of the initial, say, one day training. There is a chance that we may work through affiliate networks as well and incentivize them to be able to penetrate. Vishwas talked about working with banks and bank network. For all the banks who have terminals and terminals that are at end-of-life, we will be able to offer the opportunity to them as well to be able to give it into their network. Like I said we have done a pilot with more than 5000 different implementations so we have got a very good insight in terms of what that potential will look like and how do we incentivize the entire channel, so based on that, Yes, you are right, we have built in that as part of our projection and we think that is a fair way and a reasonable way to be able to think about what the next year for us would look like. There is a chance that we are able to get a huge penetration from our own internal merchant base also for the same technology, but that would not be additional merchant, that would be the same merchant base, so the pivot that we are working on is how do we keep on increasing the merchant base and as we go through other channels we will increase the merchant base. For the merchants who are already using us we have our merchant base and going after the additional merchant base is where we expect there will be some spends. We will also spend on marketing and being able to reach out. There was an earlier question around the visibility front and we will spend that capital in terms of reaching out to the right set of audiences.

Anil Nahata:

So thanks for that. The second question I had is a couple of other things that we sort of announced last quarter and one of them was TrustAvenue and one of them was kind of launch into Qatar I believe so where are we on that and what kind of revenues do you believe we can see in FY2022-2023 or what kind of tractions we can see revenue is a different word what kind of traction we are expecting on those two things?

Vishal Mehta:

TrustAvenue is the platform that allows any merchant to avail loans and whether it is, a small sized merchant or a large sized merchant and a company like us who processes payment for merchants have certain advantages because we have real time visibility in terms of how much they process, not just the CIBIL score and the GST returns, but we have lot more data about the merchant in terms of what is happening on real time basis and there is a process which is called straight-through-processing which is called STP, so what that means is, if you are a merchant who has been processing with us for the last several months then based on that it is much easier to come up with a credit score and a credit requirement for you. We are offering it as a platform for all the merchants who are there on CCAvenue and then potentially opening it up to merchants also where we are a platform provider. So to answer your question, we think that there are two avenues that we are focused on as far as lending or financing is concerned. One is where we say we are going to do express settlement and in terms of express settlement we are at a run rate of $800 million which means that when a merchant processes payment through us we give them money after two days to five days as per RBI norms, but we opened up something called express settlement where we give the money the same day. If you pay on Make My Trip for example we give the merchant the same day the money and we will discount that and fundamentally what that means is that we settle it faster and that allows us to open up a channel because there is no cost of collection, so that is one place that we think is an interesting one that we built up, and given the merchant base will keep on improving and increasing and as we process more transactions that our appetite to do that because it is in our opinion almost zero risk lending, so in that we will continue building up and the cost of capital is very low single digit and we are able to monetize on that, so I think right now like I said we are doing $800 million we will end up doing more this year so that is one place and that will scale up with the business, because, you can understand the flywheel, with more merchants, more processing, more opportunity to do express settlement so that is one place will do. In the second place like I said is that because we sit on platforms that have merchants and CCAvenue being one of them as well, we think of this as an opportunity to reach out to all of them and merchants across different platforms will have different requirements, some will have requirements of SME loans and others will have requirements of bill discounting of orders as well as bill discounting of invoice. Those are two different concepts and we think that if we are able to offer that, there is a good chance of 50 to 100 bps margin for a company like us to be able to facilitate such transactions. So, we think that we are in the business of making merchants, we use the acronym internally called **DCB** it is making them digital, making them credible because when you make them digital that is when they become credible and with credibility, we will open up bankability, so we are in the business of making merchants **digital**, **credible** and **bankable** that will summarize quite a bit of what we think we want to do with the TrustAvenue platform. We have not segmented exactly out of projections what numbers we will deliver out of TrustAvenue in the financing business but if you look at the earlier comment that I made, we give a revenue expectation of Rs.1600 to Rs.1700 crore. The higher range of the gross revenue is expected because of the new businesses like facilitation of lending.

Anil Nahata:

Got it thank you so much.

Moderator:

Thank you. We will take one last question which is from the line of Hitesh Panara, an individual investor. Please go ahead.

Hitesh Panara:

My question is to Mr. Sunil, the CFO of the company. In the consolidated financial statement, it is mentioned that net change is a fair value of investment in equity instrument, can you just explain the nature of that entry, what is the meaning of that net change, is a fair value of investment in equity instrument because it is loss of Rs. 72 Crores so what is that?

Sunil Bhagat:

The Company has invested in certain companies whether it is listed companies as well as the private companies and these are the companies in which as of March 31, 2022 we are supposed to provide the impact of mark-to-market. This is nothing but the mark-to-market impact of changes in the fair value of investment like Suvidhaa, major part consisting of our investment in Suvidhaa Infoserve where the cost which was booked in the books of accounts is much lower than the realizable value in the books of accounts that is the reason we have provided. This is nothing but the changes in the fair value estimate, it may also be positive in the next quarter.

Hitesh Panara:

It is not a net loss for the shareholders of the company because Rs.84 crore profit after tax.

Sunil Bhagat:

It is not a net loss for the shareholder, it is provision for the changes in the fair value of the investment.

Hitesh Panara:

Why our EBITDA growth is only 2% year-on-year because Gross Revenue is Rs.1293 crore and compared to last year it was only Rs.676 crore but then also growth in EBITDA is only 2% so can you just explain that, like company is getting revenue more and more year-on-year but then also growth in EBITDA is only 2%, why is it that?

Vishal Mehta:

I will take that question because it is slightly strategic. See as a company we have made a call that we are going to increase our market segment share and we are not going to take up transactions where we lose money, but wherever we are slightly positive, neutral and make money we will continue building up from there and I think that is part of our conscious call to be able to build up a larger base of merchants and larger base of transactions and larger volumes, so while we are optimizing our business we also want to be conscious of the fact that we should keep on building out the base of the merchant and the transaction volume. As I talked to you about this earlier that financing is a very important portion of what you can monetize on or one can monetize on and we will continue building up on that, so it is a conscious strategic call we are not just optimizing on EBITDA we are optimizing on stickiness, on merchant growth in terms of the number of merchants we are optimizing under transaction volume, but one thing I can tell you is that we are not going to add or keep on adding transactions anywhere we are losing money. We have not done that for so many years and we will not do it today and we will not do in the future.

Hitesh Panara:

In FY2021 our gross revenue was Rs.676 Crores and net revenue was Rs.233 crore but now in FY2022 our gross revenue is Rs.1293 crore but net revenue is only Rs.259 crore so that is why EBITDA is only Rs.145 crore and compared to FY2021 it was Rs.142 crore, so let us say in FY2023 as you said our provision is for Rs. 190 crore EBITDA compared to revenue of Rs.1700 or Rs.1800 crore, so is it possible that down the line, five years of four years down the line our EBITDA growth is around 15 to 20% in whatever kind of model we have in our company instead of 2% or 3%?

Vishal Mehta:

Technology is evolving. We are investing, like I said Uvik is just one place that we have invested but one thing we know is that it is going to be a competitive market and in a competitive market we will continue to build out our own differentiators, so to answer your question in terms of growth of EBITDA it is really about optimizing for the long term. We want to continuously optimize while being very conscious about what we are building out today for the next 18 months so we have to have two lenses while we are building out our future, one is what are we projecting for the next 18 months to 24 months and then what do we require as business so that we remain super competitive and work on transformative technologies going forward. While I may not have an exact answer for you but what I can tell you is that based on the initiatives that we have picked up, we feel very confident about what we are building out today for the future. Like I said we are not just optimizing on a specific number but we will continually update you in terms of any changes to the EBITDA margins that we expect to see going forward. Right now it looks fairly positive to us. We have budgeted for all the activities that we are planning for this year and should there be any update and changes we will definitely keep on communicating that to you.

Hitesh Panara:

As far as revenue is concerned what is the approximate revenue we earned from the Jio platform particularly, is it a profitable business because the kind of e-commerce platform we have we can give this e-commerce platform software to any big company also like GeM also, Jio platform also and these two big projects are very successful so what is the approximate revenue I am not looking for the perfect figure?

Vishal Mehta:

We do not segment the revenue. We do not segment it by clients. We report it as part of our software platform revenue so we do not have segmentation for you, but in the past we had communicated that we earn single digit bps between 5 bps to 10 basis points on transaction for the framework and that is all I can tell you in terms of the direction. You are right, it is a phenomenal platform, one that we feel very proud to be associated with and partner with because it solves the purpose for the government, bringing a lot of transparency in the entire procurement cycle and being able to deliver on savings, so you will see that in prior years GeM has done very well, the last year compared to other years and like I said it is a platform with a purpose for us to actually build up upon so we will look at it that way. I know I am not answering your question specifically on the revenue that we get from our clients but directionally I can tell you that we earn between 5 and 10 bps on each of the transaction of GeM. In GeM you can see the transaction volume on their website under statistics.

Moderator:

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

Vishal Mehta:

Thank you everyone for joining our Q4 and full year FY2022 conference call and we on behalf of management appreciate your participation and look forward to keeping in touch with you as we build out the business. Thank you all.

Moderator:

Thank you. On behalf of Go India Advisors that concludes this conference. Thank you for joining us. You may now disconnect your lines.