

May 20, 2024

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

Sub: Transcript of Earnings Conference Call for the quarter and year ended March 31, 2024

In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Investor/ Analyst conference call on financial performance of the Company for the quarter and year ended on March 31, 2024 conducted on Thursday, May 16, 2024, after the meeting of Board of Directors, for your information and records.

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

Kindly take the same on your records.

Thanking you,

Yours faithfully,

For Infibeam Avenues Limited

Shyamal Trivedi
Sr. Vice President & Company Secretary

Encl.: As above

INFIBEAM AVENUES LIMITED

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“Infibeam Avenues Limited Q4 FY-24 Earnings Conference Call”

May 16, 2024



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

MODERATOR: **MR. RAJAT GUPTA – GOINDIA ADVISORS**

Moderator: Ladies and gentlemen good day and welcome to Infibeam Avenues Limited Q4 FY24 earnings conference call hosted by GoIndia 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 GoIndia Advisors. Thank you and over to you sir.

Rajat Gupta: Thank you, Manav. Good evening, everyone and welcome to Infibeam Avenues Limited earnings call to discuss the Q4 and FY24 Results.

We have on the call with us today, Mr. Vishal Mehta – Chairman & Managing Director, Mr. Vishwas Patel – Joint Managing Director and Mr. Sunil Bhagat – Chief Financial Officer. Also joining us on the call today is Mr. B. Ravi, who is advising Infibeam on Corporate and Financial Strategy as an Independent Consultant.

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

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

Vishal Mehta: Thank you Rajat. Hello, everyone and welcome to our Q4 2024 and full year FY24 financial results conference call. I'm very pleased to report that the Company has built a very strong liquidity position holding cash and cash equivalent of INR 837 crores versus 365 crores that we reported in 2023. Our cash and cash liquidity position has increased by 129% year-over-year.

Today we reported the quarter with revenues of 727 crores, EBITDA of 60 crores and a PAT of 36 crores. While we've made meaningful progress in our financial measures what we are most pleased about is our continued improvements in our take rates and margins on the CCAvenue payments business put simply a take rate is how much money we make from a payment transaction, so higher the take rate higher the profits. We increased our take rates from 8.5 basis points in the beginning of the year in Q1 FY24 to 9.2 basis points in Q4 FY24. This increase in take rate is a result of discipline, execution, optimization and reimagining a lot of digital payments. So, it comes across the teams of Infibeam.

Looking back at Q4, our CCAvenue payments business we continue to have the broadest range of payment options in the industry with deep payments integrations across thousands of third-party merchant systems. Being sharp on pricing payments to merchants is always important but

merchants are careful about how much they spend for acquiring payments, particularly as more and more transactions are moving digital.

Alongside our payments business our platform business remains strong which is also up more than 29% year-over-year, primarily driven by large enterprise clients. We have not reported any income from one of our client GeM which is called Government e-marketplace in the fourth quarter of FY24. In spite of our continued utilization of our e-commerce platform by GeM, we have extended a commercial offer to GeM for licensing our base marketplace platform, intellectual property. But the matter has not been concluded. Since we have not been able to reach conclusions, so we have not reported any revenue from GeM in Q4 FY24 onwards.

2024 also was a very significant year for starting our journey in the field of artificial intelligence under our brand Phronetic.ai. During this period, we proudly announced a revolutionary video AI platform that we introduced called THEIA which is poised to redefine how business institutions and governments harness AI for increased productivity and efficiency. In an age where AI locks insights from so many data types, video understanding emerges as the next frontier. THEIA leads this charge empowering organizations to extract valuable information from videos optimized workflows and enhance operational efficiencies. What customers have learned in the early stage of AI in our opinion is that there is meaningful iterations required in building a production application with the requisite enterprise quality at the cost and latency which is required. Customers want practical scalable and multimodal frameworks. They want different models for different types of applications and different size models for different applications.

Our team continues to rapidly iterate, deliver capabilities including guardrails to safeguard with retrieval augmented generation and real time queries, agents to complete multiple multistep tasks and fine tuning to keep teaching and refining the models, all of which will help customer applications be higher quality and have better customer experiences. We are already in pilot phases with many customers at this time.

In 2024 we delivered solid financial operating results across our key performance metrics. This was accomplished during a challenging period of dynamic competitive environment in which we operate. We ended the year with (+10) million merchant accounts, revenue increased by 62% to more than 3,000 crores compared to 2023 and in 2024 we processed more than 2.5 lakh crores in payments value, not including the RuPay debit cards and UPI payments. For full year FY24, I'm happy to report that Infibeam has achieved full year FY24 financial guidance. At the start of the year, we had a gross revenue target of 3,000 to 3,300 crores and net revenue target of 410 to 415 crores respectively. We closed the year recording gross revenue of 3,171 crores and net revenue of 429 crores which is at the high end of the estimates.

Both EBITDA and PAT also reached and exceeded the high end of our guidance. We closed the year with EBITDA of 253 crores compared to the target of 235 crores and PAT came in at 148

crores versus our estimate of 130 to 150 crores. Yet I think this is just the start of what's possible. We have a very long way to go and there is a considerable upside in each of the business. With that I will turn on and give the call to Vishwas.

Vishwas Patel:

Thanks Vishal and good afternoon to everybody on the call. So, our CCAvenue payments business is built on a strong foundation, designed to drive growth and differentiate us from the competitors. A critical element of our overall growth strategy involves increasing the engagement of our merchant accounts which we expect will contribute in growth to the payment transactions, total payment volumes and net revenues. During this past quarter Infibeam Avenues received the final authorization from RBI for the payment aggregator license, so this will enable the Company to further expand its payment brand CCAvenue. This authorization enhances the credibility and trustworthiness in the digital payments industry, allows us to attract more merchants onto our platform. With an already substantial merchant base exceeding 10 million, the ability to operate as a payment aggregator will facilitate seamless and secure digital payment transactions at a scale. This in turn is expected to drive increased adoption of CCAvenue among merchants, leading to accelerated market share growth and further expansion opportunities in the payment gateway and the bill payment space.

We are also focusing in growing our international payment business and working towards scaling the business. This past quarter we announced to invest USD10 million for a 20% stake in XDuce, a leading US based enterprise application and AI development Company. This strategic move is aimed to enhance Infibeam Avenues Phronetic.ai solutions and CCAvenue payments business in the US market by integrating AI capabilities and expanding CCAvenues presence there.

Furthermore, in the Kingdom of Saudi Arabia, we achieved a significant milestone by being the first Indian payment gateway player to secure a EMSP payment technical service provider approval from the Saudi Arabian Monetary Authority, also called SAMA. Saudi Arabia is experiencing rapid economic growth driven by the government's 2030 vision and of targeting 130 million tourists annually. With this certification CCAvenue is poised to become a leading player in digital markets within the Saudi Arabian market. A payment gateway solution has been localized, data storage and hosting within the kingdom of Saudi Arabia and obtained the approval from the authorities.

We believe our competitive strengths includes the following;

One the merchant network. Our payment platforms connect merchants and consumers, enable CCAvenue to offer unique end to end product experiences while gaining invaluable insight in how the clients use our platforms. A payments platform provides for digital and in store CCAvenue, TapPay point of sale, transactions while being both technology and platform agnostic.

Payment choice; a payment solution supports an open ecosystem that provides choice to both merchants enabling flexibility to receive payments, using a wide variable payment options and digital wallet solutions.

Scale; a domestic and increasing international scale helps us to drive organic growth. As of March 2024, we had (+10) million merchant accounts with more than 200 payment options and in this FY24 we processed transactions in excess of 2.57 lakh crores.

Trusted brands; we have built and strengthened well recognized trusted brands like our CCAvenue, for online CC venue TapPay, for offline ResAvenue and BillAvenue for the bill payments.

Our communications and relationships with banks across multiple geographies demographic groups play an important role in building brand visibility, usage and overall preference among merchants.

Risk and compliance management; our enterprise risk and compliance management is designed to help secure merchant information to help ensure we process legitimate transactions around the world while identifying and minimizing illegal and high risk or fraudulent transactions.

Regulatory licenses; we believe that our regulatory licenses which enable us to operate in India and international are a distinct advantage and help support business growth. In the past decade, we have partnered with our merchants to help grow and expand their businesses by powering all aspects of their digital checkout. We offer maximum number of payment methods, provide best in class fraud prevention and risk management solutions, reduce merchant loss and offer tools and insights for utilizing data analytics to attract and engage customers and improve sales conversions. We employ a technology and platform agnostic approach intended to enable merchants of all sizes to quickly and easily provide digital online payment acceptance as well in store using TapPay across all platform and devices and to secure and simply receive payments from their customers. Our diversified suites and products is tailored to meet the needs of merchants regardless of their size or business complexity. We aim to offer a seamless omnichannel solution that merchants manage and help grow their business.

In FY25 we will focus on international growth and our international subsidiary has announced a pre-IPO round of up to USD25 million to accelerate our growth in the Middle East region. We have doubled in all our metrics over one year in that region and with express settlement to merchants, rollout of tap as well as international expansions in the neighboring countries there, we believe there is a tremendous potential to grow. We also plan to offer access to merchants with financial products through the business loan products, insurance product, as well as wealth management under a new brand name which will collectively refer to as a merchant finance offering. We believe that a merchant finance offering enables us to deepen our engagement with our existing small and medium sized merchants and expand services to new merchants by providing access to financial products that were not available to them.

Within the next four quarters we'll be focused on providing affordable, convenient and secure consumer financial products and services, intent to democratize the management and movement of money. We'll continue to update you on our execution throughout the year and be transparent about our process. I'm confident we are taking the right steps to build a long-term profitable growth. Now with all that I hand over to Sunil Bhagat, our CFO to take you through our first quarter and final full year results. Over to you Sunil Bhai.

Sunil Bhagat:

Thank you, Vishwas sir. Good evening to all of you. For the full year 2024, we had a meaningful improvement across our financial results. Revenue came in at 3,171 crores. Our PAT, we have reported 148 crores which is increased by 56% year-over-year and our cash flow from operations stood at 720 crores which is up by 537% as against last year. These financial outputs are a result of a lot of improvements in our key input metrics such as take rate which increased year-over-year and our ability to onboard merchants. I want to thank our merchants, partners and our team members for continuously innovating and building cutting edge platforms for a very strong 2024 performance.

Focusing on the fourth quarter, revenue was 727 crores which is an increase of 11% year-over-year. We reported net revenue of INR 106 crores which was also up 16% year-over-year and our EBITDA we reported up INR 60 crores which was up by 21%. We continue to invest in our AI business which have tremendous synergies to both our platforms and payment business and will have more to share in FY25. Our return on equity for FY24 stood at 9% as compared to 7% in FY23 while our return on capital employed excluding goodwill which reached at 12% compared to 10% in FY23. Finally, we are pleased that board has proposed a final dividend of 5% for FY24, subject to the approval of the shareholders.

Now allow me to present our financial guidance for FY25. We are setting our sights on achieving a gross revenue in the range of INR 3,900 crores to 4,200 crores. Net revenue between INR 450 crores to 500 crores, EBITDA within a range of 275 to 300 crores and profit after tax at 175 to 200 crores. To realize these ambitious goals, we are committed to amplifying our strategic initiatives that were set in the motion during FY24. In the next 2 years our focus will be intensified as we elevate our international business to new heights, aiming to contribute 30% to our total income. Presently our international operations account for less than 10% of our total income. As we enter FY25 we remain committed to pursuing more profitable growth initiatives. I will now request moderator to open the floor for question and answers. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Kunj Nandwani from Concept Invest Wealth.

Kunj Nandwani:

How significant is it for CCAvenue to be recognized as the first Indian payment gateway to secure this approval from Saudi payments? And what are the specific objectives or benefits expected from this collaboration in the Saudi Arabian market? Could you provide insights into the potential impact of these developments on our market positioning and revenue growth?

Vishwas Patel: Saudi Arabia is a very interesting market. It is the most populous nation there in GCC countries and from the religious tourism perspective, it is one of the I think the largest civil visitors from anywhere in the world. So, from that perspective which the kingdom has 130 million a year visitors target and the kind of changes happening there, Saudi Arabia attains a very significant thing. At the same time the government there has built a local network called Mada, similar to NPCI and they want data localization there. So that makes it very difficult to do a primary hosting within Riyadh and we are also within the kingdom so that all and then get the license and certification through SAMA. So, we have invested quite a bit CAPEX there to do all these things and with that and the certification and the final approval from SAMA to operate. Now a lot of our merchants were in UAE where we are doing in excess of a billion dirhams a month are also present in the Saudi market because joining brother country. So, from that perspective for us, the initial growth momentum should come through that and a lot of our solutions and other things since it's a difficult market for the westerners but for us we are quite adept at it. So, we're looking very aggressively towards this and we intend to do in the mid-term better than what we have done in the UAE market. So that's the perspective that we have on UAE. And I think growth numbers in the coming quarters will reflect on that.

Kunj Nandwani: And what is our current monthly processing volumes across the UAE digital payments? And could you elaborate on Infibeams UAE subsidiary and its recent fundraising and listing plans?

Vishal Mehta: Basically, we process upwards of a billion dirhams a month in UAE across more than 6,000-7,000 clients. So, UAE is a market we've been around for more than 3 years now. And we see a lot of growth prospects. Vishwas mentioned that we have doubled year-over-year in UAE and we expect that we have not even yet rolled out TapPay and some of the other solutions that we talked about in that market which we intend to do in FY25. So, while we see a lot of uptick in terms of our performance in UAE, we see that there is also a very large opportunity there. As far as the fundraiser is concerned, we've been reporting that the subsidiary has raised a pre- IPO round of up to 25 million which we expect to close this month. And that capital will be used for multiple reasons. One is merchants always want their payments faster. So, in other words, rather than having a settlement period if we can process faster, it also drives more volume to us. Second is geographical expansion. We'd like to go beyond UAE to other geographies, neighboring countries. And third is rolling out of TapPay and some of the other opportunities as well. We think that the opportunity will be right for us to take on significant role. If you had been to UAE, you would have asked and you would have seen our QR codes also now being present in UAE. So, if you want to make a payment it will be through a QR code and CCAvenue QR code will start appearing in many of the communities and many others. I think we've got a very confident and strong plan in terms of growth in that region, and we'll pursue that.

Moderator: We have our next question from the line of Shivam from SBI Securities.

Sweta Padhi: We have seen that the take rate has improved from on a yearly basis from 8.2 to 8.8. If you could give a guidance on FY25 basis, how are you seeing this number moving ahead?

Vishal Mehta: Basically, we had announced in the past that we want to get to a double digit take rate. And in international geographies we already have a double digit take rate but in India it's competitive and we need to optimize significantly to build out that kind of a take rate. So, we've continuously worked on that. From a guidance perspective, all I can tell you is that we would want to get to our goal of a double digit take rate in India.

Sweta Padhi: If you could give us your initiative on like which would help in augmentation of this.

Vishal Mehta: What would help us achieve that? Is that the question?

Sweta Padhi: Yes.

Vishal Mehta: So, I'll tell you three things. One is, we have announced that we are expanding our presence through TapPay into local commerce. TapPay is the version where you can download the app on the phone and you can tap a card or in fact you can do even an online transaction, send a link to someone to make payments so, a lot of facilities open up. Some of those transactions become card present which have a much better economics compared to card does not present which you see in an online format. That becomes an opportunity for us to gain market segment share. We are definitely not going into devices. We are going to because we think phone is a very ideal mode for merchants to download an app and to be able to accept payments. And so rather than going and focusing on devices and investing CAPEX on devices we will open up our TapPay framework. And with more and more cards becoming somewhat NFC enabled and, in some ways, even phones accepting such cards from an NFC perspective, that we see a lot of potential there, that's one. Second is, we think that in some ways settling faster with the merchant helps us in terms of our take rate which means that rather than allowing a merchant to get payments later after a few days maybe a day, two days, three days, we would like to offer faster payments. So that's second and third is significant amount of optimization in terms of being able to identify a transaction and to be able to deliver that transaction through merchant and through card networks and rather than going to specifics but you can imagine that it's a very complicated problem because every transaction is a different type. And to be able to drive that across these billions of transactions in a format, so that it's completely recognizable, traceable and be able to attach to the right code. There's significant amount, of optimization and you can imagine that a lot of artificial intelligence will play a role in terms of optimization on those as well. So rather than getting into specific programs that we have we think that optimizing that whole entire card framework, routing frameworks and others will become important moat. It's very defensible because doing it across the scale, very few companies in the world may have even attempted to do it but we are going to try.

Sweta Padhi: On the RBI front, we have received the payment aggregate license. If you could give a quantum of what is the total processing value of that we can expect from this front in addition in FY25?

Vishal Mehta: In terms of our guidance for next year FY25, Sunil mentioned, that in terms of the revenue we'd be targeting close to 4,000 crores in revenues and that's upwards of 30% year-over-year. Our

guidance is 3,900 crores to 4,200 crores. We do not report the transactions which are UPI transactions through us and RuPay card transactions because they don't have any take rate for us. But yes, that in terms of the overall perspective, international is expected to double for us year-over-year through expansion in geographies and other places and India also we see a very strong digital presence. But I think if you can imagine, we'd be targeting anywhere between 30% to 50%.

Moderator: We have our next question from the line of Pranav Mashruwala from Dolat Capital.

Pranav Mashruwala: I was asking about the enterprise business, now that we don't have any revenue from GEM, which are some of the client's enterprise plans that are contributing to this revenue this quarter? What would be the outlook going forward and can we expect a similar kind of run rate, some color on that piece?

Vishal Mehta: We have international clients, the ones that we have announced are Saudi Telecom. We've signed up a couple of more international clients as well onto our enterprise business. So, what we did last quarter which was important is to secure our intellectual property with GeM. Now we have very clear that there is no gray area on where the intellectual property belongs. We mentioned in our call earlier also that we have not concluded all of our relationships. GeM continues to use our intellectual property. But we wanted to ensure that it's very clear in black and white that all intellectual property belongs to us. And one of the reasons is because given that we are giving our frameworks and platforms to other clients also, that it exposes us to that risk. So, I'm very happy to tell you that at least from the perspective of both GEM as well as Infibeam, we are clear that intellectual property for the entire platform belongs solely to Infibeam. So that's one. And second is that GeM continues building up using our platform. Even today it is being utilized. So, the conversations around commercials are somewhat disputed/being able to figure out how to close that, that's one of the reasons why we've not reported any revenue out of GeM in Q4. In terms of given that now that it's very clear, just last quarter, in a couple of months back that intellectual property only belongs to Infi and not to anyone else, then we plan to sign up one or two very large enterprise clients this year. So, one can expect that 25 would look similar to 24 or slightly better. And that is assuming that GEM is also not lighted up in terms of the numbers into us.

Pranav Mashruwala: Sorry I didn't hear the last, FY25 looks better than FY24?

Vishal Mehta: '25 should look equal or better than '24.

Pranav Mashruwala: And regarding the question pertains to the XDuce acquisition. So, we required about 20%, would we be the upping our stake, how are you planning to utilize this acquisition?

Vishal Mehta: XDuce has many Wallstreet clients on their roster, clients who have been signed up with a master service agreement and these are all name brands that they've been working with for several years. And in order to give any kind of a framework, including artificial intelligence frameworks or

payments framework, so anyone, requires you to initially have an MSA. An MSA typically takes a long time to close. So initially the conversation and the relationship for us would be to use that funnel to be able to expand our presence in US and to be able to start working with clients, Wallstreet clients in specific. So, you would have imagined even companies like Pershing Capital and others which are very large in that region, they're all clients of XDUCE. There'll be a bilateral engagement, essentially, they have presence, there are a few hundred people in markets in New York City where we think that we would like to expand both of our artificial intelligence framework business as well as payments business. As we build up and grow into a relationship then we'll be able to tell you more in terms of our interest. But this investment is a strategic interest for us. That much I can tell you.

Moderator: We have our next question from the line of Akshat Shah from Niveshaay Investment Advisory.

Akshat Shah: I have the question on the side of THEIA platform. So how does the Company foresee THEIA platform revolutionizing business operations?

Vishal Mehta: THEIA is a visual AI platform which means that what we think is important in the AI world is data. And we realize that cameras is data and whenever we think about fraud authentication risk also, including video devices and many others and deepfake and we name it, it's all video based. So, in terms of the use of AI, we think they can be used on text, audio and video. And there are a lot of models that have been there, general purpose models which have been there for text as well as in some cases audio. But video general pop-up is models somewhat are missing now with GPT 4.0 and many others that potentially those will also maybe there on some roadmap somewhere. But I think that's where we think that we want to spend our opportunity on. As far as how it increases efficiency, if you look at the world and say that AI will replace all desk jobs which is very possible, given the proximity and many things that we are looking at doing in that front. And when I say replace meaning existing the way people do it and not necessarily the job specifically, we think that the role of the manager if you train the framework to be able to start looking at how things get done and then it is already happening in software development but even in other places, I think security, cleanliness many things that potentially are facilities as far as the supervisory of the manager role that potentially is somewhat replaceable in some ways we feel. So, for us, we think that if we are able to open up the platform and allow more and more, so CCTV camera is just security if you will. But if you look at anything and everything that people do everything is about management of a facility. If it's a retail store, it's facility and whether it's a coffee shop, it's a facility. And in that facility, you've got customers, you've got inventory and if you're able to go and train the models to understand several of these activities, then it can bring significant amount of efficiency and just follow in some ways, allow you to follow the SOPs that have been prescribed. So that's very interesting to us. We think that our models are learning by the day. We've opened up the pilots and we are continuously working on those pilots. And you have to iterate a lot in this and the faster you iterate the better. But I think that we've got a much better handle in terms of perhaps how we need to think about it compared to what we because earlier we were solving technology problems now, we've gotten to a point

in pilot where we are looking at business problems and I think that's a big shift. We are getting a much better handle in terms of how to think through this. Hopefully this helps.

- Akshat Shah:** What you think that make it different from other platforms like THEIA?
- Vishal Mehta:** THEIA is a general-purpose model. Many of the platforms, you will find some open-source framework which will only identify faces. So facial recognition is the only thing that the model will do. And similarly, you have other models that potentially only perhaps look at attributes in some ways of certain things. THEIA is actually general purpose. It does all of that. So, it's a single model, single framework and we've opened up the APIs to software developers. So theoretically you can utilize it and build out your own expert model on top of THEIA that potentially allow you to do a lot more than what you're doing before. You have to think of platforms and applications. What I'm saying is that we are building out the platform. THEIA is a platform and there'll be applications and you can have a number of applications sitting on top of THEIA.
- Akshat Shah:** On platform revenue perspective, what transactions are we seeing in non-GEM segment?
- Vishal Mehta:** We have signed up international clients on the platform, number one. We already have many international clients using it and we are working on large Indian client as well. So, I just mentioned earlier that we cleared out the fact that intellectual property belongs to us. Without that clearance you would not be able to give such similar frameworks to many clients. So, I think with the clearance from both GeM as well as with us, there is no dispute about that anymore. That IP solely belongs to us and not to GeM.
- Moderator:** We have our next question from the line of Majid Ahamed from Smart Sync Investment Advisory.
- Majid Ahamed:** What will be the primary driver for improving the ROA and ROE considering they are currently in single digits and additionally how impact **(Inaudible)** (40.03)?
- Moderator:** We are unable to understand you. I would request you to come again in the queue. We have our next question from the line of Grishma Shah from Envision capital.
- Grishma Shah:** Wanted to know how was the competitive intensity in the Indian payment market given that we had one major player experiencing a series of problems? So how did we see the competition on the ground and were we able to gain more market share therefore?
- Vishwas Patel:** We have already reported very strong numbers and from regulatory perspective and others, definitely we have the gold standards that come in even from the regulator's mouth that we are the gold standards when it comes to compliance and norms. So, from that perspective, we have always scored and always been on the right side. And that definitely if you see even on the online space, 2-3 of the biggest competitors or 4 of the biggest competitors could not onboard

merchants for over a year and same happened in the offline speed. But our growth continues, as I said initially in my comments I always said about the viability and the respect over the last 20-22 years the CCAvenue brand has, that builds a goodwill and brand recognition to all the new merchants as well as the existing merchants. So that has helped us on the growth and as we see regulator becoming more and more aggressive, it is on the existing incumbent to scale up and go on. So, from that perspective, I'm pleased to report that your Company has always been the front leader as far as on the compliance and risk and every other thing completes it. So even we have let this go if we have an iota of doubt on the merchant credentials and other things. So yes, that has contributed while others have faltered and that should give us a premium everywhere where we go on the best practices and other things that is there. So, it has helped us. You've seen the numbers, so need not comment more on what has helped or not.

Grishma Shah:

What's the market share right now?

Vishwas Patel:

Market share is a very this word, what we can say is that what is a digital transaction or what is the fintech also definition you've not been able to get in. So, market share there are 200 different options. There are different things. People reporting, people doing like we said that we are not reporting RuPay or UPI transactions. Others are expanding that numbers and other things that is there. So the reason is that profitable transactions is what we are reporting. What we actually make a revenue on every transaction is what we are reporting and other things. So, market share is a different thing. People who are just doing a mass payout by uploading a file counting it as process transactions. So, market share is a very analogues word as far as the payment system is concerned. So, you cannot give an exact tilt that this is 8%, 10% or 12%.

Vishal Mehta:

But our thesis, to add to what Vishwas said, our thesis is that it's anywhere between 10% to 15% based on our understanding of the market.

Grishma Shah:

And wanted you to elaborate on our partnership with PayPal. What's the kind of partnership that we have and how is it going to unfold?

Vishwas Patel:

So, the PayPal partnership is restricted to the Middle East region. As of now Middle East PayPal did not have any presence and since we had significant market share in the UAE region, so they wanted to tie up with us to offer PayPal as options there and also give services to local markets there. So, we have given our merchant base the option to accept PayPal via these partnerships which gives us some good revenues also, be it on transactions also and some other marketing joint initiatives also.

Grishma Shah:

But we have our own products as well, right?

Vishwas Patel:

Yes, we have our own product. But then PayPal has some (+500) million PayPal wallet across the country. So that adds as an additional option to the Master, Visa and the other option the American Express and the options that we have, to have an additional PayPal and make revenue out of it. So that helps. And specifically, UAE being such a global financial center, so a lot of

payments coming through and that through PayPal wallet. So, an additional option is also good from the merchant perspective that it gives all the reasons for their customers to make payment to them.

- Moderator:** We have our next question from the line of Deepesh Sancheti from Maanya Finance.
- Deepesh Sancheti:** Firstly, the projections which were given in FY25, can we can you repeat those projections where you mentioned that 175 crores PAT, if we can have that projections again?
- Sunil Bhagat:** We have given the estimate of gross revenue in the range of 3,900 crores to 4,200 crores. The net revenue in the range of 450 crores to 500 crores. EBITDA in the range of 275 crores to 300 crores and our PAT in the range of 175 crores to 200 crores.
- Deepesh Sancheti:** And how do we plan to increase our ROE?
- Vishal Mehta:** I think so in terms of our positioning, one thing is that we are going to figure out, currently our ROE if you look at year-over-year in FY23, it was 7% and in FY24 it is at 9%. And so, I think that we've done a lot of steps to optimize our network. Our take rates have gone up in the business. I think in a very competitive world, we have been able to extract and then generate profit. So, since our profit after tax is expected to increase, we expect the ROE also to increase along with it.
- Deepesh Sancheti:** So, you expect double digit for FY25? Will that be a fair estimate?
- Vishal Mehta:** Yes, that's a fair estimate, double digits.
- Deepesh Sancheti:** And the next question is regarding the promoter shareholder. Now since your brother has already been out of the promoter list, the promoter shareholding has gone down quite significantly. So how do you plan to increase or do you have any plans to increase or raise capital by preferential or any other route to increase your shareholding into the Company?
- Vishal Mehta:** So, much like every promoter, we'll of course be doing the right disclosures at the right time. I don't have too much to tell you at the moment unfortunately. But promoter shareholding traditionally would have been increased through many methodologies including creeping acquisition and many others. So having said that and that would also require capital to be able to deploy. So, to answer your question I don't have too much to add at this time. It's the beginning of the year for us. We've focused more on the business and how to grow that and how to build it up for the next year. But as and when I have more information, I'll be glad to tell you.
- Deepesh Sancheti:** But going ahead the promoters, you as a promoter want to increase your stake into the Company, right?
- Vishal Mehta:** Would that be common for most of the promoters? It's a rhetorical question.

- Deepesh Sancheti:** It is just for intention of the promoter, that's it.
- Vishal Mehta:** Yes, absolutely.
- Moderator:** We have our next question from the line of Sanjana Shah from RRS Shares and Stock Brokers.
- Sanjana Shah:** My question is with regards to THEIA, your video AI developer platform. Has this product been pitched to any government to use on airports or any other facilities for further monetization as of now? And if not then are there plans to pitch it in the future to any sort of government, maybe India UAE or any other government?
- Vishal Mehta:** So, a great question and I'll tell you, it's not being piloted today at an airport but there are multiple pilots going on across other facilities. And from a positioning perspective, government is very important because what video AI platform does is security becomes core to that and solving security related issues and visual AI can play a very important role. So, the short answer is yes, we'd love to offer that to the governments but today we don't do the airports. We don't have a pilot at the airport. That much I can tell you.
- Moderator:** We have our next question from the line of Pranay Jain from Delwealth Capital.
- Pranay Jain:** First one is, with the measures such as a merchant finance that we are implementing, how much do you think it can really move the needle on the return ratios a couple of years down the line? I understand we are taking a lot of effort on expanding our merchant base and also partnering with networks. So logically it is going to do it but just wanted to understand how much needle it can move on the return ratios.
- Vishal Mehta:** The size and scale of the opportunity is tremendous. So, you are right, we have a base of merchants and the products we don't need to define because products are also there. So, we need to actually drive those products into the entire network and we understand aggregation very well as a Company. So, aggregating these products and being able to offer it is somewhat core to our philosophy of aggregation in some ways. So, from our perspective, express settlement was just one piece of what we did. We were able to get a lot of value because merchants accepted that. There'll be some products that merchants will just use off the cuff because it actually helps them expand and gain business. There'll be other products that in some ways certain credit-based products, they'll have certain propensity to be accepted very quickly. There will be others that potentially will take a little bit of time. For example, any insurance related product or some other products will have a certain take rate along with it. So, to answer your question, size of opportunity is significantly big, significantly large and what we need to do and what we announced today is that we will build out a separate brand for it and going forward we'll talk about in some ways merchant services and much like in artificial intelligence we build out a brand called Phronetic. Similarly in these kinds of activities, we will talk about it in terms of building out a separate brand and it will fall under personal finance services. So, I don't have a number for you right now in terms of what that means in the next 2 years. But once we'll

announce the launch and talk about the brand, we will of course give slightly more indications in terms of what we expect in the next few quarters.

Pranay Jain: That would be sometime next quarter, we'll be able to hear more on this?

Vishal Mehta: Yes. End of this quarter early next quarter.

Pranay Jain: And with the kind of authorization, we have on the payment aggregator as well as BVPS, your presentation says that we are awaiting the retail payment network. So, all of that put together when do you think it's going to start making a material uptick in our numbers?

Vishwas Patel: I think the payment aggregator we are already doing it and the numbers what are reflecting today is due to that payment aggregator license. The BVPS numbers also we are there and pleased to report that now we have got a perpetual license, not a time bound license from RBI on the Bharat Bill Payment System. So, those numbers are already reflected in the current numbers that you have before you. The NUE network is a similar to a network license like a Mastercard or a Visa or a NPCI. So those were applied a year or two back and they're still sitting with the central bank. So, there have been different news coming in but no official uptake. But we do expect that a lot of effort had gone in by the 7-8 consortiums to put that license to apply for the NUE license. And somewhere down the line there is a thought that increasingly everything is being relying on the single network that we have currently. So there needs to be multiple networks just like US, there are four or five networks like Mastercard, Visa, American Express, Discover. In India there is only one network currently, so dependency on this thing, there will be licenses opened up. But when is the question mark. As it is we have already formed the consortium with three other players. I think it is already reported with Reliance Industries, Meta and Google. And if whenever RBI comes out, I think we'll announce it. But anyway, before us the press is the first ones who will carry it.

Pranay Jain: Also, since we've already decided on foraying in US, Australia and also Southeast Asian markets, would you be able to offer visibility by when we are going to do this in the year and what kind of CAPEX or investments will be required for the same?

Vishal Mehta: So, right now the focus is on the Middle East. We already announced that we are present in UAE, Saudi Arabia and Oman. So, Oman even just this month the third major bank in Oman also went live with our systems, that is Sohar International. So that is already there and in Saudi and UAE, once we have a good grip on the GCC markets and definitely we also said in a today presentation that USA is very interesting for us looking at enhance the investment into XDuce and other things and putting our next gen AI capability along with payment processing. So focused on doing those markets like US and Australia next. But right now, this quarter and this is using on the funding round for this thing in UAE and Saudi and making significant dent in the Saudi market. So that's the immediate focus.

- Pranay Jain:** I understand that is our priority. And these new regions of US, Australia perhaps would be late into the year. I get that picture. But overall, what are the total investments and CAPEX that we are planning for building our payments as well as platforms and any other initiatives that we are taking over the next 12 to 24 months?
- Vishwas Patel:** I think the large investments in CAPEX, it's reasonable to assume that it's about \$5 to \$6 million per region as a rule of thumb.
- Pranay Jain:** And also, the adjacencies we are building around our core, it would take care of that or is that going to be separate on the platform side, on the AI side all those things? I was asking cumulatively as a Company what are the investments and CAPEX planned?
- Vishal Mehta:** So, a lot of things go because of every country wanting to issue a license and every license has a lot of requirements on data, data security, data localization. There are N number of boxes to check and then beyond that also putting all the compliances and stuff in place to be able to report them on a basis, I think when we talk about the framework that we build for each region we believe that there will be revenue generating when we build that out for clients. They will less of a CAPEX but more of revenue generation for us. But I think this is all combined. It would be only for one and not the other. And it's reasonable to assume that's one, with scale there'll be slightly incremental additional CAPEX but that would be a good rule of thumb to use.
- Pranay Jain:** And my last question is on the potential dues and receivables that we have estimated. such as the UPI dues from banks. And while I understand on the GEM side things may be a little grey but what seems to be a reasonable estimate which we think could come our way, maybe 3 or 6 months down the line or if you really think it would take longer than that?
- Vishal Mehta:** We expect that it will come within 6 months.
- Pranay Jain:** And the potential dues or receivables at least as a safe estimate would be around?
- Vishal Mehta:** A few hundred crores.
- Moderator:** We have our next question from the line of Rahul from Dolat Capital.
- Rahul:** Firstly, just wanted to understand slightly more deeper into your guidance outlook. If you could double click and share us the reason, the key factor that would be driving the growth for you going into next fiscal? I clearly got the input that international could be the biggest driver of it. But if you could explain by pieces of the business that where you have the highest confidence from the growth driver perspective?
- Vishal Mehta:** You're right, international has growth potential. We expect to double our international business. We have doubled it last year. Hopefully we can increase it even further this year. And with some capital in future opening up new geographies and so on and so forth will potentially mean that

we'll be able to expand. So, Sunil in his positioning mentioned that we plan to make the share of international to 30% of our revenue in the coming years compared to less than 10% that we have right now. So that becomes a growth driver. But more importantly for the coming FY25, positioning that we have, we think that this whole combination of in some ways merchants that we've added in the past year and being able to continue building up from there, becomes an opportunity for us. That's one growth driver which is additional merchants. Second growth driver for us is being able to offer certain financial products that we have talked about in our presentation today. So financial products meaning in some ways credit insurance and many others that we already do express settlement with merchants but we can actually expand that portfolio. And so that we are not just looking at merchants who are currently on our network we'll open it up to ones who are not on our network. TapPay is the third one. We think that that the growth of TapPay we will amplify it out this year. We've got some plans in terms of how we'd want to do it and maybe we'll talk about it in the coming few weeks. But we think that has a potential and while we have not counted on it but there is a positive upside on our ongoing matter with GeM. I think with these 3 or 4 things we think appropriately conservatively that we'd be able to achieve these numbers.

Rahul:

And on the platform business if you could clarify a little bit, of course this was a very bumper quarter despite the GeM impact. Do you see is there a seasonality to the numbers that we have reported in Q4, how you expect? You said annual it could be flattish but will it be like heavy on the Q4 and softer through the year building up into Q4? Is that the trajectory that you expect? And lastly on the XDuce when we expect it to consolidate, will it only be a minority interest or will we intend to consolidate line by line by taking bigger stake in it?

Vishal Mehta:

So currently of course we're building out the business with them and so it is a strategic interest and as the business builds out, we'll be able to talk more. This is not a financial investment for us. So, it's a good question and we'll see how the progress is in terms of the synergies and based on those we will act accordingly. But it is a strategic investment and we'll talk about it as we go through in the coming quarters. That's as far as XDuce is concerned. Your first earlier question was platforms. Platform is if GeM was there that was seasonality in that business because GeM had some seasonality associated with them. If we don't have that we've just figured out and we have taken acknowledgement because there was a little gray area in terms of intellectual property, the ownership of intellectual property which was in some ways 'disheartening' for us because intellectual property is what we live by as a Company. But fortunately, with the progress that we have made, it is very clear in black and white and acknowledged by GeM that all platform intellectual property for infi product is belonging solely to us and not to anyone else. So that is one. And that was a big in some ways achievement in terms of having that clarity in place. Once this clarity is in place now, we will open up the platform to one or two very large clients this year. So, we don't expect a lot of seasonality. We do believe there'll be an upside if a few other things click in. But we expect that it will be flat to higher. But we don't want to forward talk about because we have zero agreement in terms of the commercials with GeM yet. And until we have that we will not report any revenue.

- Rahul:** Just clarification. Since you have mentioned this particular aspect couple of time. I do understand the IP importance of having the complete control and assurance on it. But as far as the Q4 is concerned, we don't have booked any revenue even potentially from the new system integrator or it is taken as a part of a non-GeM revenue in the current number.
- Vishal Mehta:** No, we have not booked it yet. So, we have reported zero revenue in Q4.
- Rahul:** So, the 57 crores revenue in Q4 comes from our erstwhile client and any new client that we have added during the quarter. And since you are not building any GeM and expect that to be a potential upside if that has to click for you. And outside of it you expect 220 crores odd which we did this year should give or take be around that number. So basically this 55 crores kind of a run rate with small movement here or there should be the usual run rate for all your four quarters.
- Vishal Mehta:** I think so. So, you'll have plus or minus 10% quarter-over-quarter. Yes. So. But yes, within that reason one would expect that would be the case. And that will have an impact in terms of the net revenue will be plus or minus 10% in that.
- Moderator:** We have a next question from the line of Karthik Boggarapu, our shareholder.
- Karthik Boggarapu:** You have already mentioned that the Middle East is your priority market. Just wanted to know what are your plans to expand to Africa which is like the second fastest growing regions in terms of developing world?
- Vishal Mehta:** So, I'll talk about it and perhaps Vishwas can join in. But whatever our thesis is that we are not important if we don't have scale in any region that we operate in. And so, our internal bias is always to scale up because otherwise we are not important. We are not making a difference. Much like we have scaled up in India, Middle East becomes a priority and focus because we already have scale and we need to scale up even further. And so, between going and covering more territories versus scaling up in certain specific regions our bias is to scale up in regions first. And that defines our priority and we are not saying that we are shy about evaluating Africa or any other territory but if the question is either/or then we prefer scale compared to expansion across horizontally expanding across geographies. Now the good thing is digital does not have boundaries. And so, the other bias that we have is we follow our clients where if we find that our clients operate in more than one geography then we find out where they operate in. And given that they trust us to operate in one region then we can expand with them in other regions faster. So that will also define our prioritization in terms of where we would expand next. And the third factor being of course external which is that, there is an opportunity that came up somewhat passive not active which allows us to open up, so much like what we have done in Oman where we have given our framework to a bank and the bank gives it out to others. We don't have a physical presence in Oman today, but we partner with bank and we in some cases white label our solution for the bank so that they operate. That does not preclude and exclude us from being able to go directly also. The perspective is that if such opportunities come up then it makes it much easier for us to open up and offer it to them as opposed to not taking up the

opportunity because we think that we are somewhat focused on scaling. So, the platform is scale agnostic. It can potentially go to a bank and can be offered to them. So, we have done that in Oman. We may end up doing that in some other the other regions also. I can tell you that in FY25 Africa is not on the horizon.

- Moderator:** We have our last question for today from the line of Satheesh Kumar, our shareholder.
- Satheesh Kumar:** My question is regarding our very recently somewhere in Gujarat. So, all the 100 crores investment that is already completed.
- Vishal Mehta:** Yes, you're talking about the AI hubs.
- Satheesh Kumar:** Yes.
- Vishal Mehta:** The. AI hub investment has been made.
- Moderator:** Thank you. We will hand over the call to the management for the closing comments.
- Vishal Mehta:** Thank you all for your participation in our call and we look forward to keeping you updated on all the progress about the Company. And thank you all once again and have a good evening.
- Moderator:** Thank you. On behalf of GoIndia Advisors that concludes this conference. Thank you for joining us and you may now disconnect your lines.