DiGiSPICE

Date: **31st May, 2024**

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400001
Scrip Code: 517214

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block
Bandra – Kurla Complex, Bandra (E)
Mumbai – 400 051
Scrip Code: DIGISPICE

Sub: Transcript of the Investors/Analysts Conference Call held on 24th May, 2024

Dear Sir/Madam,

In continuation to our letter dated 21st May, 2024 intimating you about the schedule of the conference call for Investors/Analysts held on 24th May, 2024 with senior management team, please find attached herewith the transcript of the aforesaid conference call.

The transcript will also be available on the website of the Company at https://investorrelations.digispice.com/information.php?page=transcripts .

You are requested to kindly take the above on record and acknowledge the receipt of the same.

Thanking you.

Yours faithfully,
for **DiGiSPICE Technologies Limited**

RUCHI MEHTA

Digitally signed by RUCHI MEHTA
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(Ruchi Mehta)
Company Secretary & Compliance Officer

Encl.: as above

DiGiSPICE TECHNOLOGIES LIMITED
Q4 FY24 Earnings Zoom Webinar

May 24, 2024

Management Participants:

Mr. Dilip Modi	**Chairman, DiGiSPICE Technologies Limited** **Chief Executive Officer, Spice Money Limited**
Mr. Sunil Kapoor	**Whole-time Director & Chief Financial Officer, Spice Money Limited**

DiGiSPICE Technologies Limited
Q4 & Financial Year 2024 Earnings Conference Call
May 24, 2024

Amit: Good afternoon everyone. A warm welcome to the earnings Zoom Webinar of DiGiSPICE Technologies Limited (DiGiSPICE / DiGiSPICE Technologies) to discuss the Results for Q4 and FY'24.

We have with us Mr. Dilip Modi- Chairman of DiGiSPICE, Mr. Sunil Kapoor, Whole-time Director and Chief Financial Officer Spice Money Limited ('Spice Money'). Before we begin, I would like to state that some of the statements made in today's discussion may be forward-looking in nature. The actual results may vary as they are dependent on several external factors. A statement in this regard has been included in the result presentation sent to you and also uploaded on the exchange earlier. We will commence the call with the management taking you through the operational and financial performance for the period under review, following which we will have an interactive Q&A Session.

I would now like to invite Mr. Dilip Modi to commence the presentation. Over to you, sir. Thank you.

Dilip Modi: Thank you, Amit. Good afternoon everyone. Welcome to the Q4 & FY'24 Earnings Call for DiGiSPICE Technologies. It's always a pleasure to connect with all of you and thank you so much, I know time is precious for all of you and thank you so much for giving us the time and listening to how we are progressing as a company and being able to use this opportunity to give your feedback, suggestions as well as any questions or clarifications that you may have. Thank you for your interest in DiGiSPICE.

Friends, before I start, I want to share with you that the last five years has been a very eventful journey for us at DiGiSPICE Technologies. As we have evolved from a multi-business entity to now a very focused fintech business. We have over the last five years, built a robust network of merchants across semi-urban and rural India. We started in FY'20 at about 240,000 merchants. We closed FY'24 at close to 1.4 million merchants. So effectively it's been a journey of five years, where during and post-COVID we have been able to light up a lot of merchants as effectively ATM banking points across 250,000 villages. This has played a significant role during COVID, when subsidies were being given to consumers in rural India and we were able to go to the merchants close to where they live to be able to withdraw the subsidy from their bank account.

A truly transformative use case of the India stack. And we're very proud to have contributed to this journey of not only enabling consumers to access their bank accounts, but having done that to now work closely with financial institutions to be able to serve those customers with many more products and services from the formal financial sector.

So, the COVID period has been a significant period for your company where effectively we have been able to build out this network and now looking forward to the next five years, we are hoping that we can leverage this network to be able to drive more penetration of formal financial services into deep rural India which till today was not possible due to unit cost economics and we are hoping that now with the network like ours in place, leveraging technology, we will be able to drive deep into rural India formal financial services.

So, with that I would like to start the presentation. Can we have the slides please? Can we go to the first slide please? So, the presentation is in five parts. I will take on the first three parts, which is our journey to-date, talking a bit about the business and the services that combined to deliver the P&L, and then we'll have Sunil take us through the Spice Money and the consolidated financial highlights of the Company.

Can we move forward please? So, friends, if you look at our journey so far and the road ahead, effectively the left box talks about some of the key highlights of our journey to-date and the right box talks about where we are going. So let me first focus on the key highlights so far. So, as I mentioned to you, to-date lifetime we have onboarded about 14 lakh small merchants, who we refer to as Spice Money Adhikaris on our web and app platform, majority of them use our mobile app to deliver ATM and other financial services to consumers in rural India. Of these, 4 lakh merchants transact on our platform on a monthly basis, this is just an average number. If we look at the gross transaction value of the transactions that the customers are doing on our platform, it has been about 1.08 lakh crore for the financial year 2024, and this number has grown at a CAGR of about 49% since FY'20. So, in the last five years, we have seen a growth of 49% CAGR in our customer gross transaction values. And when I come to the slide of the growth of the network, you will see that it's kind of mirroring the growth in the network that we have had of the Adhikaris. This number of 1.08 lakh crore is the second year running where we have crossed 1 lakh crore in our customer GTV number which is reflective of both the value of the cash withdrawals as well as the growing collections business on our network and we'll talk more about that.

Over the last five years, we have managed to achieve a significant pin code presence, mainly in Tier 3, Tier 4, Tier 5, Tier 6 India with over 6,000 blocks and nearly 2.5 Lakh villages covered with the merchants over there, and we'll show it to you on a map.

Effectively, we are focusing on building a financial services stack for Emerging India. Our core business is the Aadhaar-enabled payment services stack where we are close to an 18% market share of the Off-Us industry. So, basically within the Aadhaar-enabled payment system, there's an On-Us and an Off-Us. On-Us works where all the banks have their own kiosk network and Off-Us is where platforms like ours can work across different banks which are interoperable. So effectively there are two parts to AePS, On-Us and Off-Us. We participate in the Off-Us industry and have close to 18% market share.

So, as we think about UPI in Urban India, we have AePS in Emerging India and many of us who know the UPI numbers, 350 million unique users in UPI, in AePS is about 150 million unique users who transact on the AePS platform. Not only on the AePS side, which is our biggest use case around cash withdrawal, we also have other offerings around utility payments, loan repayments and also CASA and credit. So, we as a platform business have also moved from payments business to banking and credit business and we will talk to you about that. This has happened through partnering with reputed financial institutions with whom now going forward, we are focusing on creating products which are needed for Emerging India, especially on the credit side and we'll want to cover that with you. And all of this works on our tech and data platforms. So effectively enabling consumers to safely and in a secure manner withdraw cash and deposit cash in their bank accounts has enabled to a very strong and focused investment in our tech and data platform.

If you look at the right-hand side, the strategic vision that we have had basically four key building blocks. The first one is to consolidate our share of what we call assisted payments business. So, if you look at the payments industry, in the fintech space, you have a self-serve payments industry and you have an assisted payments industry, and both are kind of co-existing and growing.

We look at becoming a significant leader in the core assisted payments industry, growing our market share and all of this we are hoping will drive operating leverage in our core business. A lot of this is happening because of the network that we have built out, the distributor channels that we have rolled out and the tech platform that we're constantly investing behind, that we will continue to work on and use this platform to bring strategic products, especially around savings and investment to the market with rights set of partners. Today, we have a lot of consumers who are coming and withdrawing cash and depositing cash into their bank account. We want to move them from a cash economy to a digital economy. And to do that, we want to lead in with savings and investment products, which basically means creating incentives for them to leave the money in the bank account, because by leaving the money in the bank account, they can actually grow the money. And I think this will also play into our fourth building block of converting them or bringing them onto the UPI platform and creating the next set of UPI users out of Emerging India.

The third part of our building block on our strategic vision is our lending business. In our board meeting recently where we adopted the financial results for last year, we have also passed a resolution and made the necessary announcements where we are looking to enter the lending business through a strategic NBFC acquisition within the company. And this is something where we are doing it strategically to create credit products for our merchant base as well as other small businesses in Emerging India and we'll talk to you about this.

And finally, one of the things that we are very excited about, though we have to figure out the product market fit and the economics here because as the UPI economics are still evolving. But really the next generation of UPI users is the problem that as an industry we need to crack, and we believe that we want to strategically use our PPI wallet license, which is now for the last two years, become UPI interoperable. It was not earlier. So now if consumers are putting money into a wallet, they can go and scan and pay using any UPI QR code and we know that UPI QR code is now pervasive across merchants across India, both urban and rural. So, we want to use this product and this platform to develop UPI-based propositions for both merchants and consumers.

And really the problem we want to solve here is that there are lots and lots of inoperative bank accounts in the markets in which we focus on. So, there are consumers who are still not sure about connecting UPI to their bank account, safety being one of the main concerns. Can we start them on that journey using the wallet product, because now the wallet has become interoperable on UPI as well.

So, these are the four building blocks of our strategic vision. We see ourselves as a unique tech-led financial services model constantly working to serve the growing needs of emerging India. So, this is to give you a snapshot of where we have reached so far and where we are going.

Moving on to the next page, just talking about the executive summary on the numbers for the financial year and Sunil will talk in more detail later for us, but the four key numbers that we track are the customer gross transaction value numbers. So, if you see, like I said, this is the second consecutive year where we have crossed 1 lakh crore in GTV on the customer transactions that have happened on our platform. It's been a relatively flat year because of headwinds in the AePS business. So only a 7% growth, 107,000 crores compared to 100,000 crores in the previous year.

Effectively on gross margin, we have seen a growth on two components. Service fees, the main number that we track,which has grown from Rs. 154 crores the previous year to Rs. 169 crores in the last financial year. You can see a portion of gross margin coming out of devices business. This is basically a change in capitalization policy because till FY'23, we were capitalizing the devices and providing a right-to-use to the Adhikaris. This is something that we changed as a policy in FY'24 and Sunil will talk to you about this as we go through the financials.

We have seen our EBITDA and PAT numbers grow in the financial year '24 compared to '23 and these are the numbers that you can see. We have achieved an EBITDA of Rs. 14.2 crores for the financial year and a PAT level of Rs. 12.1 crores at consolidated level. This is for the continued and Spice Money business.

Effectively, the three key points I want to highlight are that we are constantly trying to keep our financial performance robust. It's a pretty challenging space because we have seen significant headwinds in the AePS industry, and this has basically been happening because there're being concerns around AePS frauds and we as a player in the industry have been working closely with all the stakeholders to control this. This has led to a lot of restrictions in terms of two factor authentication, different limits set in by the issuer banks, which has caused an impact on the transaction numbers. We have tried to counter this by growing our collections business, both the cash management business as well as the Bharat Bill Payment System business. So effectively, as you see, both these product lines on collections have significantly grown year-on-year 54% and 90% and we have details on this.

And two new business lines in terms of opening Aadhaar, eKYC-based savings accounts in emerging India. We have opened close to 3.5 lakh accounts lifetime to-date as well as working with third-party lenders to lend to our merchants on our platform nearly about close to 100,000 loans that have been lent to-date and we will talk to you.

And the final point is that, as a company, like I said, we have been in multiple businesses. Last year we took a decision at the start of the year that we will be a pure fintech-based company and we took a decision to exit all the other businesses which were classified under the digital technology services segment, which now we refer to as discontinued operations in our financial results. So, when you see the consolidated numbers, you will see the P&L of continued and discontinued operations. We're hoping as we go forward over this year and the next year, a lot of the discontinued operations will phase out and effectively we will just be focusing on the continued operations, which will be our pure fintech business, Spice Money.

Moving to the next slide, please. Just to give you a highlight of the way our merchant base has grown over the last five years, close to 240,000 merchants in FY'20, now close to 1.4 million merchants or 55% CAGR. If you look at the right-hand side, we're predominantly a North, East, Central focus company. That's where you can see the density of the network that we have. Obviously, we have points of presence across India, but the South and West is lesser dense. Going forward, we hope to consolidate in the North and Central and East corridors. And, if I look at the next five years, the next two years are going to be more consolidating in the North, East, Central corridor, and the next three years also entering South and West. So, this is a business that works with density because at the end of the day, consumers are looking for doorstep banking and the idea is that how do we consolidate and build dense networks across districts and blocks of Emerging India

If I move to the next slide, please. Just to give you a sense of how some of the key metrics have moved year-on-year. So effectively on the three boxes, the top left, customer gross transaction value, year-on-year, we have grown 7%, CAGR of 33% over four years. Quarter-on-quarter, we have seen a dip of 6.5% for customer GTV, a flattish year-on-year on a quarterly basis.

Service fee revenue, while we have seen a 2% growth year-on-year, quarter-on-quarter gain, we have seen a dip of 6%. However, through product mix, we have managed to hold on to our gross margin. So, if you can see year-on-year we have grown 10% on our service fee gross margin, while on quarter-on-quarter we have had a relatively flat at about 0.5%. A lot of this impact on gross transaction value and service fee revenue is because of our AePS business, which has seen headwinds and I have a separate slide talking to you in more detail around our AePS business.

Moving to the next slide, please. We as a business continue to create diversification both in terms of product and geography. This is to derisk the business from a single product concentration to a multi-product platform business. Effectively, if you see between the two years the growth in our GM from Rs. 154 crores to Rs. 169 crores, we have seen new product lines begin to grow. So, if you look at our core business of Cash and Cash out, it's declined from a GM contribution point of view from 77% to 68%. And we have seen new product lines, especially if you look at collections, our contribution of collections to gross margin has grown from 8% to 14%.

Banking is something that we just started, a little over a year back is now beginning to contribute 2% to our gross margin.

And more importantly, something like subscription packs is now contributing 6% to our gross margin. So, what we mean by subscription packs is the merchants who are using our platform to do transactions, they are subscribing to these rental packs where they're paying us for the month and that basically leads them to do more transactions on the platform. So, this is a way for us to not only ringfence our high transacting merchants, but also to attract other high transacting merchants in the industry. And as the AePS industry goes through a consolidation, this is a book that we are using to be able to grow our revenue market share in this industry.

Moving to the next slide please. I just want to walk you through a couple of slides product-wise, because it's important to understand the key trends in each of our service lines. So let me start with (AePS), Aadhaar-enabled Payment System. This is basically consumers coming to our merchants using their Aadhaar to withdraw cash from their bank account. So, the way it works is our merchants who are using our app on their smartphone have a small biometric machine attached to the phone. A customer of any PSU bank or any private bank who wants to withdraw cash from the bank instead of going to a bank branch on an ATM machine, comes to the merchant in their village close to them, gives their bank name, how much money they want to withdraw and authenticate using Aadhaar, the money moves from the customer's account to the merchant's account and the merchant gives them cash. In FY'23, if you look at the industry, it did about the Off-Us part of the industry, FY'23 was about Rs. 3,33,000 crores and in FY'24 that's dropped 6% to Rs. 3,14,000 crores.

Now if you look at the right-hand box, the main reason we have seen an overall decline in the Off-Us industry is because of major ecosystem changes and there're basically being two changes that have happened. One is implementation of 2FA, which is basically Two Factor Authentication. So, what has happened in this last financial year is that for every transaction that the merchant does, not only have they to take the biometric of the customer, but they must also put in their own biometric. So earlier what used to happen is that the consumer who wanted to withdraw cash, used to come to the merchant and authenticate themselves using their biometric. Starting Q4 last year, for every biometric authentication that the customer does, which is put his thumbprint, it must be accompanied with the merchant also doing their biometric authentication. So that's a two-factor authentication that's happened and it's basically being done at an industry level to control frauds.

What has also happened is that the issuer banks have accompanied this with putting various transaction limits in terms of number and velocity checks and this is all a healthy sign of controlling the industry because we are serving a sensitive part of India where we want to make sure that fraud is under control and as Spice Money, we're committed to bringing down the fraud-to-sales ratio in this industry.

Despite the industry declining 6%, if you look at Spice Money GTV, we have declined 5%. So, we are gaining market share in the AePS industry. So, from 17.15%, we moved overall for the financial year for 17.34%, but we ended Q4 last year at 17.53% market share.

So, our focus in this industry is to make sure that we consolidate and grow our market share and make sure that we can focus on bringing in best practices and the right practices in terms of merchant onboarding, training, development and putting in the right checks and balances in partnerships with the ecosystem around fraud and risk.

If you look at the transaction metrics, obviously, these changes have had an impact on the transaction numbers. So, that's exactly it's reflective in the GTV. And obviously if you look at the SMA metrics, which is our Spice Money Adhikaris, we have split them into large, medium, small, which is basically those doing higher transactions compared to those who are doing lesser transactions and we definitely see more drop in the ones who are doing the higher transactions because obviously that's where the footfall has been the maximum and this is something that we will work on over this year. We can see things settling down in Q1 FY'25, but this is an ongoing journey, and this is something that we will see how the ecosystem evolves, but effectively we are seeing consolidation in the space and the opportunity for a player like Spice Money to grow market share.

If I move to the next slide, please. This is one of our two collection products. This is a cash management service. Just to explain how this product works, these are lenders, e-commerce companies, logistics companies who are basically collecting cash in semi-urban and rural India. So, most of them have their agents, whether it's the MFIs or the NBFCs who are lending in semi-urban and rural, you have agents going and collecting cash and bringing it back to their branches who then go and deposit these cash in the bank branch, from the branch of the NBFC or the MFI. And you also have e-commerce companies where you have cash-on-delivery. Now what has been happening historically is that a lot of this cash is coming to the branch and then from the branch getting deposited into the bank. Now instead of carrying the cash from a village to the town to then deposit at the bank, what is happening is when they bring the cash to the branch, instead of depositing at the bank branch, because it might be a holiday, the bank timings may not work, they actually come and deposit the cash at our Adhikari point, and we move it to the bank. So effectively, if you see this business over the last four years FY'21 to '24, we have seen significant growth, and it continues to be something that we are seeing growth in 54% year-on-year. So, we are close to Rs. 27,000 crores in FY'24. This is the gross transaction value of the collections made from the branches compared to Rs. 18,000 crores in the past year. In Q4 we did about Rs. 7,300 crores. We saw a slight dip. This is basically being that we saw a significant pickup in the Q3 which was the Diwali season because you see a lot of growth in e-commerce in Diwali and this year, we saw that there was a dip because of that in terms of like a big sharp increase in Q3 in rural and a dip in Q4, but overall, we have seen a 54% growth.

The other message I want to give on this slide is the box where not only are we looking at the overall GTV, but also looking at what we're calling the large CMS, SMAs, the Spice Money Adhikaris that we have.

So, I would encourage you to look at these as large collection centers, collection branches that are coming up for us. Overall, for the year about 7,300. So, these are effectively becoming like large collection centers which are contributing nearly 90% to this GTV of Rs. 27,682 crores. If you look at the whole year, the 7,300 Spice Money Adhikaris did a GTV about Rs. 24,256 crores out of the total of Rs. 27,682 crores. So effectively, if you look at the right-hand box, we have seen the number of large CMS, SMAs increased 23% year-on-year. The business that they're contributing to growing nearly 49% year-on- year contributing nearly 90% and we see headroom available. So, this is a business that we will continue to move forward to because this effectively allows a lot of enterprises serving rural India whether it's in the lending or e-commerce or logistics space to be able to convert cash to digital faster. So, more business for enterprise, more enterprises and more importantly, consolidating more large collection centers we believe is the focus of this product line, which is cash management service.

Moving to the next slide. This is what we call the Bharat Bill Payment System stack. This is operated by (NPCI), the National Payments Corporation of India. This is something that is being built as a public stack for collections. So, this is one of the DPIs that we look at the Digital Public Infrastructure. We as a player are riding on this stack and there are two key products we are focusing on here, EMI, loan repayments and electricity bill. So effectively if you look at it, year-on-year overall while we have grown 90% in customer GTV Rs. 4,190 crores compared to Rs. 2,210 crores which is about 1.9x growth. Within this EMI, loan repayments have grown 2.4x year-on-year, Rs. 3,160 crores from Rs. 1,325 crores. Now, the difference between this EMI, loan repayment on BBPS compared to what we saw as cash collection on CMS is that the agent who's going to the village to collect cash, CMS is when he brings the cash to the branch and from there deposits the cash at our Adhikari point, BBPS is where within the village itself, he goes to his closest Adhikari point and him or the customer deposits the cash. So directionally we believe that our goal is not to get the agent to come to the branch in the town, but rather just deposit the cash in the village itself at their nearest Adhikari point. And that's the direction we want to move. If we look at the last page, we are about 63 partners there on CMS, here we are nearly 147 partners. This is a higher margin business as well and allows us to engage with the agents and the customers in the rural areas itself. So, this is the product line that we want to grow.

If I look at the box, you will see that the unique customer accounts have grown significantly both year-on-year and quarter-on-quarter. So year-on-year, if I see FY'24 to '23, 35% growth in unique customer accounts. But what we're most excited about is the growth in the repeat customer accounts, which is basically an organic repeat behavior that we're beginning to see happen where agents and customers are coming back to the same merchant to deposit the EMIs. I think this is a good thing for us to drive better collections efficiency for a lot of lenders lending into rural India. So the percentage of our repeat customer base to our unique customers is nearly 50%. So, I think this is a very important product line for us. So AePS, CMS and BBPS combined to create the assisted payment stack for the company. And so overall, if I look at it, all these three product lines are contributing to deliver us the 1 lakh crore customer GTV number that we saw initially.

Now, moving forward to the new product lines that we have, so current account, saving account is a product that we started about year and a half back. This is something that we are working with some banks to figure out how to increase the reach of bank accounts to customers in emerging India. Lifetime now we have opened over 3 lakh accounts in semi-urban and rural and what we are tracking here is growth in float in terms of people using these accounts.

Let me again reemphasize that our focus is not in terms of just opening an account, but getting to ensure that the customers transact with the account. We have had numbers on Jan Dhan accounts whereas a country we have seen over 50 crores Jan Dhan accounts opened. But the key issue is how many of those accounts are being operated. So, our goal is to make sure that customers not only open an account, but transact with the account, which is basically put money in the account, invest from that account, get loans into the account, and use the account. So, moving from cash to a digital economy.

So, the two key metrics we want to track here are how much is the float coming into the account. So, it gives us a sense on activity, but also figuring out which are our Spice Money Adhikaris who are using this to convert themselves from just an ATM point to effectively becoming a bank branch point. So, we have seen Q4 last year close to 16,000 of our Adhikaris each opened about more than five accounts on a lifetime basis. So our focus is to focus on average bank balance per account, look at what are the kind of products we can work with the financial institutions to cross sell in these accounts and also to ensure that we can consolidate within our Adhikari base effectively what could function as digital bank branches for banks where customers cannot just come to open accounts but also get access to multiple financial products from the institution using that account. So, this is a journey of making sure that we can drive penetration of transacting operating bank accounts in Emerging India.

Moving to the next slide, please. All these slides are available on our website. They have been uploaded on the stock exchange. For anyone who wants to look at it in more detail, please do go and have a look and we'd be more than happy to come back with any follow-up questions you might have even post this call.

Credit is a space that is very new to us. So, we have been at it for the last five years. This is a space that we are being very, very careful in. We don't want to rush in this space. We want to work. We have been crawling and now we are hoping that we can start walking. There will be some time before we start running, but we want to take it step at a time. We have had lots and lots of learnings. This is all third-party loans being given to our Adhikaris and last year also to the Grahak, which is the customers coming to our Adhikaris. We have seen significant learning. So more than the numbers, I would encourage you to look at the box where we're talking about our three key learnings, right.

So, the first key learning that we have over the last five years as we have been working in this space with our lending partners is that there is an inherent credit demand in the small merchant network that we have built of our Adhikaris. So Adhikaris are looking for formal credit. We have been able to discover that in the Adhikari base we build.

The second learning that we have had is that many of these merchants are okay and prefer the process and are getting used to this whole aspect of digitally applying for a loan. But they're looking for customized products with more importantly friendly repayment mechanisms. And if there is that friendly repayment mechanism, then it can allow for higher take-up rates. So, I think there is a need for customized products. It's another big learning that we have.

The third one we have had is that if you look at the graphs, we have seen a varied growth of credit over five years and this is basically because of continuity of products, changing policies, supply of capital, dependence on third-party lenders. So even though demand has remained consistent, supply has been erratic. And because of that, we are looking to also have our own NBFC so that we can ensure that we can cater to consistent demand. So, while we continue to work with third-party lenders to make sure that the products that are beginning to work, how do we make sure that we have the ability to manufacture those products on our own.

The fourth key learning has been two big differentiators we have seen in terms of successful products in our loan marketplace. One is our ability to contribute to risk assessment with the third-party lenders, using our platform data, and the other thing is helping them on collections, because we have a network on the ground, we are feet-on-street, we have distributors with field sales executives, we know our merchants physically, our ability to also engage with them on collection. So, if there is an overdue or bounce rate, we can go and physically engage with them to figure out what are the issues and most of the time we realize that more than intent it's just an issue of timing and we can help our partners to collect better.

Also, last year, we started with our Grahak loans and where we're beginning to see success is on secured products like gold loan and this is something that we're going to work on. But like I said, this is a very critical space in the overall financial services industry. We have seen significant amount of innovation in this space. The last time we saw it was in the microfinance industry. And we are hoping as Spice Money, with our figital model where we have our physical merchants enabled with a digital platform, how we can create a more robust, secure, safe, credit business.

So, all the learnings we have around consistent source of credit, the need for tailored products, the need to ensure that we can manage risk effectively both with data as well as on the ground presence and continue to make sure that we have strong collections capability on the ground, are key to driving for us a tech-led rural credit business.

So that brings me to the next slide which is around how we're thinking about the credit business going forward. Our goal at Spice Money is to build a productive, empathetic credit business for small businesses in Emerging India. If we have to move towards a developed Viksit Bharat, we have to ensure that more and more small businesses can thrive, and a lot of them by MSMEs, especially the micro part of the MSMEs are residing in emerging India, semi-urban and rural India. How do we use all our learnings to-date? How do we use the tech stack account aggregator, Udyam Aadhaar. All of these are now tools that are available to us as a fintech player to solve for formal lending to small businesses. But we believe that what is happening today is when you think of banks, they either talk about branch banking or mobile banking. What we believe Emerging India needs is a combination where effectively it is both physical and digital. The challenge is in trying to do both. How do you solve for unit economics, because setting up a branch has significant fixed costs associated with it and purely going digital has its own challenges and the regulator has been very keen that all players in this industry work very responsibly to make sure that we can build a very strong, viable lending business. So, for us, the opportunity is because we have this digitally enabled merchant network on the ground, we are uniquely placed to build a physical plus digital model as we think about the lending business. So, our differentiators, the way we see it, is to begin with product innovation where we are learning as to what are the right products for consumers, especially small businesses, the merchants that are on our platform.

Second is our physical proximity to our borrowers. So, on the first earlier slides I spoke to you about building a dense network. A dense network allows us to do is have access to the merchants on the ground and this hyper local connect with our merchants, with our extensive distribution partner network allows us not only to source but also do proper KYC and also in collections. So, what we believe is that this asset light kind of branch network that we're building out with our distributors and retailers on the ground who can effectively become both borrowers of credit and distributors of credit enables us to ensure that we can build a robust model. So, we're not just looking at evaluating them using data, but we're also looking to do the personal discussions, which would also be physical discussions on the ground. So a combination of both branch and mobile banking, and finally around ensuring that we have an enhanced risk management framework where we continue to build not just on building scorecards around using data, but also local intelligence and making sure that we use the local intelligence to not only improve on our ability to assess risk, but also use our infrastructure on the ground to be able to do better collection.

Overall, I would say this is a very new space for us. We're going to walk this space with a lot of care, a step at a time, we're not going to run too fast, we're going to make sure that we use this very effectively to build a sound business. This is a long-term business. So, I will not commit to any short-term numbers here. This is a business over the next 10 to 15 to 20 years that we want to build, and we will build it like brick-by-brick, block-by-block.

So with that, I'll be more than happy to answer any questions later, but I'd like to hand over to Sunil who can walk us through the financials of the company. Over to you, Sunil.

Sunil K Kapoor: Thanks, Dilip. Good afternoon, everyone. This slide contains about the Spice Money Financial Highlights Standalone Business. If we look at the left-hand side, we have last five years including this financial year ending '24 quarter-on-quarter performance. If you see that we have grown our customer GTV. If we see customer GTV has increased by 7%. However, our gross margin has improved by 10%. The reason for the gross margin improvement is primarily coming from the subscription packs by which we are aligning and engaging more with our Adhikaris on the ground. And if we see on the gross margin subscription for devices has kind of come down to zero, even then we have increased our gross margin. This is the practice which we were following in the last year was capitalizing the devices and charging to Adhikaris as the service fees and taking it to the P&L. And we are owning those devices in our fixed assets and carrying it out as a depreciation, and that can be related to the depreciation also on the below line of the EBITDA. So, it is very clearly coming out that we have discontinued as a gross margin, we have reduced it to kind of almost zero and we are now just selling those devices, almost a nil margin because we don't want to earn on the devices. That's why this subscription device has come down from 11 crores to zero.

If we look at the indirect cost for the year is Rs. 148 crores down from Rs. 155 crores. So, we have kind of come into the play of operational efficiency, and by which we are not increasing our kind of fixed cost and increasing our gross margin. So that has improved EBITDA almost by 100% from Rs. 10.2 crores to Rs. 21.7 crores and due to the lesser depreciation, what I have explained our EBIT is also from 2 crores to 36 crores in this financial year and consequently the PAT from Rs. -5.7 crores to Rs. 13 crores. If we see the quarter-on-quarter numbers also in comparison to the previous quarter, though what Dilip has covered about the two-factor authentication and the industry changes, which I understand that on the ground it has been adopted by now fully and that impact has also phased out. And we have done a gross margin of almost flat, 42 crores in the previous quarter and in this quarter also. But our indirect cost has come down with some measures what we have taken, and thus our EBITDA has improved from Rs. 4.3 crores to Rs. 8.8 crores, which is a 100% jump. And depreciation we had taken some accelerated depreciation. That's why this is at the end of the year and that's why the depreciation is on the higher side and consequently, EBIT from Rs. 8.7 crores to Rs. 10.9 crores and PAT Rs. 4.2 crores to Rs. 5.9 crores.

Can we move to the next slide, please? This slide contains about Spice Money business, which is also reflected here in two segments, Spice Money, and Others. I have already covered about Spice Money in the previous slide.

Just pointing it out about the others, these are the others which is not directly related to Spice Money, but as an overall group as a DiGiSPICE level, what we are incurring the expenses. So that is also in line with the previous year and previous quarter numbers. And if we see EBITDA in the others line is Rs. 7.1 crores negative in the last financial year, now it is Rs. 7.5 crores negative. So, it is almost in line and EBIT is also Rs. 1.4 crores to Rs. 1.8 crores negative and consequently the PAT is also Rs. 1.4 crores negative.

There is an extraordinary gain. We were having investment for which we have provided a through a note on the right-hand side. We had an investment in Digi Asia Bios Pte. Ltd. and this company has got listed on the NASDAQ and that we have to evaluate our investment again and this is only an unrealized gain just to recognize it in the conformity with the Indian Accounting Standards, which requires it to be fair valued. So, this gain has come up. We have shown it as an extraordinary gain separately and there is a PAT loss for the discontinued business for the year is Rs. 38 crores and for the quarter it's Rs. 4.3 crores which I will cover in the next slide, and considering all impacts, the total PAT including discontinued business and extraordinary gain we are at Rs. 11.8 crores against the Rs. 21.6 crores negative in the previous year.

Can we move to the next slide, please? Now, this is a summary of the discontinued operation, which we had discontinued in April '23 and we are freezing it out these, discontinued operations. If we see for the full financial year '24, there are two major items of tax expense and exceptional items which are the balance sheet kind of expenses written off which has no impact on the cash outflow. And if we consider out that on the revenue and the expenses from the next quarter, there will be no revenue and consequently no direct cost and consequently indirect cost will also come down; however, almost 50% of this indirect cost, maybe running quarter-on-quarter to kind of close down those companies where these discontinued operations were there. So overall PAT was Rs. 38.1 crores negative for the full financial year on the discontinued operations.

Now I can handover this to Amit for the Q & A. Thanks.

Amit: Thank You Dilip. Thank you, Sunil.

Now we open the floor for the Q & A session. Request all participants to raise hand before asking your question and at the same time participants can also ask questions by writing in the chat box. We will wait for a while, while we have the question que assembled.

We will now begin the question-and-answer session. We have our first question from Rishu from the chat box. Expected expenses on closure of companies/indirect cost for legacy business in upcoming quarters, any ballpark range on absolute numbers? So, I think there are two parts to this question.

Sunil K Kapoor: I have already covered in my presentation that we are incurring Rs. 4.2 crores of indirect expenses for the discontinued operations for the quarter and we expect that will come down to kind of half, because some of the expenses are also related to the revenue generation also. So as the revenue has been discontinued from the next quarter, the indirect expenses will also be reduced. So, I mentioned it out that this will reduce to kind of half.

Amit: So, second part of the question was any ballpark range for absolute numbers.

Sunil K Kapoor: Yes, that's why I said, the claim become half of that.

Amit: The second question from Rishu again is, as we are moving away from legacy business, are we thinking to rename the company to Spice Money instead of DiGiSPICE?

Dilip Modi: So, thank you for that, Rishu. I think effectively if you see Spice Money has become the only business of DiGiSPICE Technologies. So effectively it's become the brand and the product of the company. The name of the company is something that we can think of subsequently, but directionally this has become the brand and the name that we are growing with. I think we'll come back on this issue of renaming the company, but effectively, Spice Money is the only business of DiGiSPICE Technologies now.

Amit: Next question is from Rasagya Gandhi. There are two questions. What are the company's plans for fundraising? And what are your views on the fee-based income increase?

Dilip Modi: So let me take the first question. Rasagya, Thank you for your question So, I think if you see effectively as a company, we have been a profitable company, not significant absolute profits because we have been reinvesting in building people, tech and we have grown as an organization to now close to over 1,000 people, especially because we had to roll out a large distribution network. As Sunil outlined in the financials, now, we are beginning to see the fixed cost kind of taper off and therefore the operating leverage flow and therefore more hopefully, as we see business growing, we'll be able to see the impact on profitability. So, we are in no rush to fundraise effectively. I think for us we want to make sure that first, the business model stabilizes, like I said, there've been headwinds on the AePS business, but we have seen the collections business grow. We are looking at learnings from the credit business and how do we build on that. Directionally, there might be need to think about fundraising for the credit business, but something that we are going to come back on. I think right now our focus is to make sure that we drive operating leverage and make sure that many things especially on the credit side, we're able to build products that worth using our own capital, maybe work in a some sort of a co-lending model, but initially just work with some of our own capital and come back to investors once we are seeing the numbers on the new products especially stabilized.

Sunil K Kapoor: On the second question, that's on the fee-based income increase, as we are introducing more products and services in our portfolio, of course, the fee-based income will get increased. And if you see that from our financial numbers, gross margin has kind of from 30% to now is 40% and 41% in this quarter. So, with the product mix and introducing better margin products, we are going to increase our gross margin and also the fee-based income.

Amit: Thank you Both. The next question is from the line of Lalit Agarwal. Can you share the financial of Spice Bulls Investments Limited?

Dilip Modi: I think this is something where this is a process that we're going to go through. And in this process, of course our first step is to apply to RBI for a change of control, which we are going to do in this quarter and then follow the relevant steps for this acquisition. But anything on financials is something that I think is available, but I would assume that as we run through the process, at the right time, we'll be in a position to share this. So effectively, this is something that we will share as part of the process going forward on the acquisition.

Amit: Thank you, Lalit. Next question is from Harsh Sharma. Why is GTV growing at a higher rate compared to the revenue?

Dilip Modi: I think this is a function of the product mix, but Sunil, you want to talk about that because collection business versus AePS?

Sunil K Kapoor: Dilip, you have rightly mentioned about that it's a nature for the product mix due to which because we are doing a CMS business which have kind of a more in terms of GTV standpoint of view but having a lesser margin in comparison to other products. So, it's always product mix plays about that, but GTV is also relevant with respect to that, how much transaction value we are handling?

Amit: Thank you, Harsh. The next question is from Pradeep Chaudhary. What growth you are planning for each segment, AePS, collection, etc., for FY'25?

Dilip Modi: So, Pradeep, I think if we go one-by-one, on AePS, we continue to want to see how the industry stabilizes. The two-factor authentication impact of last quarter still continue to have an impact, but I think the merchants are getting used to the two-factor authentication process. So, I think that will stabilize between this quarter and the next, but the impact on the AePS business will be really a function of how this stabilizes. There is also a move that is happening from L-zero devices, the biometric devices to L1 devices and we are working with the merchant base to drive that adoption. So, I think that effectively this year is going to be little mute in terms of the impact on the AePS business, but our growth is going to be to grow counter share and that's what we're going to focus on. Collections is a key business for us, but it is a B2B business. So, it's heavy lifting on the ground in terms of working with the enterprise agents to map them to collection centers that we have. So, it's a business that's growing steadily, not a hockey stick, but steadily business growth and we are hoping that we'll continue to grow it. So, I think on AePS, the focus is on counter share and on collections just growing in terms of more business for enterprise and hoping that we can add some large enterprises to the Kitty in the coming year, but something to watch out for quarter-on-quarter as we move forward.

Amit: So, the next question comes from Harsh Sharma. There has been no fundraise indicated, but for the NBFC business, what are the plans, any AUM targets for FY'25?

Dilip Modi: So, Harsh, for FY'25, first, there's going to be a process we have to run to close the process of getting the NBFC license under the Listco. So that process in itself will take some time. And I think this year is going to be significantly first to get the NBFC under the Listco. because it involves various approvals and all that and we have to see through that. So, I don't think we put any AUM target for this financial year. I think our focus is going to be first to complete the process of acquisition and once that's done, we're going to start by a few products which we know have worked on the marketplace that we can work with our own capital and we're going to test out those products with the NBFC. So, I think this year Harsh, is going to be closing the process of acquisition and maybe in the last quarter, testing out some products through the NBFC. So, we'll talk through this, Harsh, and give you an update in the coming quarters.

Amit: Thanks Sir. We have a question from Pradeep Chaudhary. What timeframe do you have in mind in lending through your own NBFC and how would you be funding that?

Dilip Modi: I think I just explained this point that in the next two to three quarters we are looking to complete the process, and then once that is done, I think initially we will start funding through the own capital in the Listco because it will be more to demonstrate create proof-of-concepts put the systems in place, and of course, after that we'll come back on any fundraising plans that we would have as a company given the performance of what we have been able to demonstrate.

Amit: I would like to take the next question from Lalit, thereafter. Harsh and Pradeep questions can be combined. Lalit's question is what is our equity holding in Digi Asia Bios PTE Ltd after the rights issue, we subscribed?

Dilip Modi: Lalit, it's a little over 3%.

Amit: So next question, I'll combine Harsh and Pradeep's. Also, any guidance for the UPI segment? In the last concall, you talked about taking UPI to hinterland.

Dilip Modi: So, Pradeep and Harsh, this is something that I think as an industry NPCI is very keen to see with 350 million UPI users now, where will the next 300 million come from. Now basically the way UPI works, as you know, the first thing is you need to have money in the bank account for you to do UPI. So, I think our first goal is to ensure that we can have operating bank accounts in emerging India where there's money in the bank account so that people can use to then transact with the bank account using the UPI rails. We are very clear in terms of the opportunity that we see for ourselves because we have access to all these customers, and 30% of our customers were transacting at our merchant points, have a smartphone. So there is an opportunity for us to move them to UPI. So we are very clearly committed to it. I think our PPI wallet is going to be the first product where we're going to be testing with some of our customer base to see how they can start making UPI payments through the wallet. And there we'll be testing for customers who are today feeling unsafe to attach their bank account to UPI. Can they pay through the wallet? Because they feel that it's a more secure account to do UPI payment. This has been a vision of the NPCI and the regulator to enable UPI on PPI. And that is something that we're going to be testing in the coming year.

Amit: The next question comes from Lalit Agarwal. Can you please share the business model of Digi Asia Bios Pte Ltd?

Dilip Modi: So, Lalit, Digi Asia is a fintech based out of Indonesia. Effectively, if you see Indonesia as a very large market in Southeast Asia. Digi Asia has been focusing on again building a merchant network business in Indonesia. But their model is more around working between the merchants and the suppliers of goods to the merchants. So they've created a platform for the merchants, and they've built products which allow them to provide lending solutions between merchants and the suppliers who supply goods to the merchants. Unlike India, which has this UPI stack and all of that, Indonesia is still a bit behind in terms of having such a stack available as a digital public infrastructure. So effectively for Digi Asia, they're able to work more in kind of a close guarded between manufacturers and merchants. So, a lot of their business model is linked to connecting manufacturers to merchants and managing the payments and the lending solutions between them and earning from that business. So I think for us, we see Digi Asia again a large kind of merchant acquirer platform in Indonesia, which is a significantly large market. Given the fact that they're listed on NASDAQ, there's also information now available in the public domain which you can get access to, Lalit.

Amit: Thank you, Lalit. Next question is from Pradeep Choudhary. What timeframe for UPI wallet? Is DiGiSPICE Asia a supply chain lending?

Dilip Modi: So UPI wallet in the Q2 is where we see us being ready to run some pilots around the wallet. So we'll have more updates for you at the end of Q2. On Digi Asia PT Indonesia, so what they've done is they've actually created a digital platform between merchants and manufacturers. So yes, supply chain finance is one of the business models or one of the products that they have as part of the business.

Amit: There is a question from Pradeep again. What is your stake in DiGiSPICE Asia?

Dilip Modi: Pradeep, it's a little over 3%.

Amit: So, we have a question from Rahil Shah. Any growth guidance for FY'25 or over the next two to three years for the company as a whole?

Dilip Modi: So, Rahil, I think for us over the next five years, we are seeing, one is directionally from having a few products to building out a complete full stack around financial services. I think we started with ATM banking, we moved into collections, and then we started opening bank accounts, then looking at cross selling, saving and investment products in those bank accounts, and now moving towards credit. So, I think if you see directionally right, we're moving from becoming a single product to a multi-product platform business, the NBFC and the PPI just add our ability to manufacture more products of our own which we can enable through the platform to merchants and consumers in emerging India. And so, I think we will continue to move down this path, right. I think it's going to be a lot of consolidation of the ATM business in terms of counter share, it's going to be scale up of the collections business.

So overall, we are hoping that this will drive profitability in our core assisted payments business, but directionally, we know that a lot of digitization is going to happen in emerging and rural India as well where people are going to move from cash to digital. How do we participate in that and how do we solve for credit. That is something that we're going to work on over the next three to five years.

Amit: Thank you, Rahil. Next question from Nikhil W. How do you generate revenue in cash management services?

Sunil K Kapoor: So, cash management services are primarily a cash drop services through our agent where the MFIs, NBFCs or the banks drops the cash at our counter for which we charge as a fee. This is also under the BC arrangement, and we are having a direct arrangement with the banks. So, that's our revenue model and we share that margin with Adhikaris and the distributor network.

Amit: So, the next question is from Lalit Agarwal. Can you share the total debt in our books as of March 2024?

Sunil K Kapoor: So as far as total debt is concerned, effectively we don't have any debt, only debt or the borrowings, which is coming under the financials is against our OD and FD just for the treasury management, effectively we don't have any debt, we are kind of a debt-free company. We are having debt in the form of borrowings only for our treasury operations, OD and FD operations, because we have to open more and more collection accounts with many banks. For that matter, we have to have OD FD operations. As per the RBI guidelines, we can't open collection accounts with any bank. This is the reason for whatever the borrowings coming in the financials.

Amit: Thank You, Lalit. Next question from Rasagya Gandhi. What are the risks from the banking sector as the banks are going digital themselves?

Dilip Modi: Rasagya, this is a very good question. Thank you for this question. I think if you look at the banks, they basically look at two channels, right, the branch banking channel and the digital banking channel. And they've done a tremendous job on both channels, right? So, you have a lot of consumers even in semi-urban and rural using the digital banking apps to open accounts, to get access to products and all of that from the banks. So, I don't think this is a journey of one or the other. I think it's a collaborative journey. We are trying to solve this for consumers who are still not finding it comfortable to just deal with the bank digitally. So effectively we are creating a model which is not just digital but also physical where consumers do not just want to sit with the bank on an app, but they want to visit a branch where they can engage or interact with someone.

We believe Spice Money with the merchant network that we have, a certain part of this network can evolve towards becoming a digital branch network for the bank, and therefore this is a service that we can offer to the banking sector. For the banks themselves to roll out branches in rural and semi-urban areas, it's going to be very cost prohibitive. So, I see an opportunity for us to collaborate with the banking sector. So, what's happened today, when we look at our core business of ATM banking, we are enabling banks to extend the reach of their ATM network to villages of rural India, right? So effectively before players like us or before the AePS India stack, you had about 2 to 2.5 lakh ATM machines in the country. Now, you have about 20 lakh merchants who are transacting using the India stack and the AePS platform. So effectively it's allowed the banking sector to extend the reach of ATM banking. What are we able to do with collections, right? It's enabling banks who are today lending in rural India through MFIs and all that to reduce the cost and time effort to collections and it's all helping the banking sector.

Similarly, when it comes to banks, opening accounts and giving loans and all of that, the banks have two options, either they open branches, or they only go pure digital. We believe the solution for rural is not one or the other but a combination. But the challenge is economics. And therefore, we are solving for better branch economics for rural India and that is going to be, we believe a major contributor that could play in helping banking sector to extend reach of formal financial services to rural. So, for us, we see banks as a partner in helping us to grow business, leveraging the tech-enabled merchant network that we have.

Amit: Thank You, Rasagya. Next question is from Joseph Mathew. Can you elaborate on any new partnerships or collaborations that the company is exploring to enhance its fintech offerings and market reach?

Dilip Modi: So Joseph, for us being a platform focused on delivery of financial services in emerging India, we continue to seek partnerships with banks, fintechs, NBFCs, all the three key players in the ecosystem. Going forward, we also hope to work with the players who operate like wealth management companies, mutual funds, insurance companies. So effectively, as we are able to figure out ways to sell products across the financial services industry, we will be reaching out to players within the industry. Initially, of course, our focus has been working with banks, because ATM banking involves us to work with all the banks. Collections is now enabling us to work with MFIs and NBFCs, and we'll be working to partner with more and more of them. I mentioned that we want to work with some of the large NBFCs as well in helping them to reduce time, cost, effort of collections in emerging India. And then as we think about building savings, investments, and lending products, I think we're starting with a lot of the fintechs because they have more capacity to innovate and take risk and therefore demonstrate that these products could work. And then once they demonstrate the products to work, some of the traditional players can also enter. So, it's a product-by-product strategy in terms of partnership and collaboration.

Amit: Second question is from Joseph. Given the focus on EBITDA and PAT improvement, what cost management strategies are being implemented to optimize our operations?

Sunil K Kapoor: So yes, Joseph, our approach is to have better operational management with respect to the cost. And that's why I mentioned about the operating leverage and we want to contain it and our model is also from the perspective that we have to have better cost managed, because we have to deliver those services which banks and other financial institutions are unable to provide as Dilip also mentioned about, that's the branch setup and the cost. So, we have to have cost-efficient in terms of delivery of the services and also at indirect cost level also we have to have a limited cost to provide better services and have gross margins. And you have seen that on the gross margin front also we have improved our gross margin through product mix and other efficiency put in place and also in the indirect cost what we had in our earlier calls we have mentioned that we are investing in some leadership and capabilities to be built and now almost that has been fulfilled, but there will not be much expense on that side and we will have a better cost management.

Amit: Thank You. Next question comes from Utsav Baheti. Sir, can you please talk something about the legacy business in terms of till when will the cash burn keep on reflecting in the P&L?

Dilip Modi: The legacy business as you call it we have been in this business for 10 years. So, we have so many companies across so many countries. Last year when we took this decision to exit the legacy business. What we are now calling the legacy business, it was mainly a B2B business, it involved us transferring a lot of the contracts which we mainly had with telcos to third parties that took a lot of effort and time and now it's about closure of these companies. We're trying to find solutions where we can, keep the cash burn as minimal as possible, as Sunil mentioned, some numbers, but there is cost to closure. And what I've realized the hard way is it's easy to set up a company, it's more difficult to close the company. So, I think these are the learnings that we have, and I think we are hoping that we can keep the cash burn to as low as possible but there will be some cash burn. So as far as reflection in the P&L is concerned, Joseph, I am hoping and assuming that maybe for sure this year, but maybe a little bit next year we're hoping that we'll be able to exit legacy business. We exited the business. So, we're not doing any business. So, you don't see any revenues coming out, any direct costs associated with the legacy business, but the indirect costs which is associated with closure of the companies is something that will continue to be how will we reduce the cash burn is a journey we are on and our attempt to service to keep it as low as possible.

Amit: Thank You, we have a repeat question from Joseph Mathew. How much budget is allocated towards the tech and innovation part to support the fintech platform’s growth?

Dilip Modi: Joseph, again, a very good question. Thank you so much. I think for us, we brought in a new Chief of Product and Technology, Harsh Mittal from the tech space and we have been working closely to figure out how to look at tech and innovation? As you know, there's been a lot of innovation happening even on the digital public infrastructure, ONDC even CBDC wallets, Central Bank digital currency, we have had the regulators and the governor talk about how that can be used for financial inclusion as a programmable wallet for subsidies to be given to, people in rural India. So, I think tech and innovation is going to be a major part. I think in this coming year and the next year, we have actually allocated a good number for tech and innovation and it's mainly in the form of hiring tech talent. I think if I look at the PPI business that will involve hiring of tech talent. If I talk of some of these new projects that we are doing in terms of modernizing our tech infra, that's going to involve hiring of tech talent as well as some investment in product management capabilities as well as in tech tools. With everything moving to the cloud, I think there's an opportunity for us to build a very asset light kind of more a shared tech infrastructure. But I think there's going to be investments involved in people with different skill sets and a lot of work that they're going to be doing will not immediately show up in revenues especially on UPI side. So maybe we can start segregating that separately in our P&L's going forward. But yes, Joseph, for us the next journey is around leveraging the ecosystem both with respect to partnerships as well as the India stack to drive innovation.

Amit: Thank You. Next question comes from Pradeep Choudhary. What is the status of your development with Wibmo?

Dilip Modi: So, Pradeep, as I mentioned, Wibmo is working with us on building of the UPI stack for our PPI product and we should be ready to start our pilots in Q2 this financial year.

Amit: I think that was the last question. Before we close, I would like to hand over the call to Mr. Dilip Modi for his closing remarks.

Dilip Modi: Thank you, Amit. Thank you, everyone for taking time out. Like I said, we are a young company. We are work-in-progress and we are wanting to make sure that we continue to serve underserved consumers in emerging India, a lot of what we built has enabled a lot of people in emerging India to build businesses and we are basically solving for small businesses to grow in semi-urban and rural India, we will continue to be on this journey, and thank you once again for your interest and hope that you can continue to be showing your interest in the journey that we are taking. Please do reach out to us with your suggestions, inputs, comments because we all are on a learning curve, and as we build this company we just want to make sure that we're building a healthy business, a long-term business and a sound business which can impact real lives on the ground. So, effectively we are building for profit impact business and I'm really excited that you have shown your interest to come on these calls and listen to us about our progress on this journey. Thank you so much once again. All the best.

Namashkaar.

Amit: Thank you, everyone. Now we may disconnect the call.

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