

January 25, 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 nine months ended on
December 31, 2023**

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 nine months ended on December 31, 2023 conducted on Tuesday, January 23, 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 Q3 FY2024 Earnings Conference Call”

January 23, 2024



Management:

Mr. Vishal Mehta – Chairman & Managing Director – Infibeam Avenues Limited

Mr. Vishwas Patel – Joint Managing Director – Infibeam Avenues Limited

Mr. Sunil Bhagat – Chief Financial Officer – Infibeam Avenues Limited

Mr. Purvesh Parekh – Head, Investor Relations - Infibeam Avenues Limited

Mr. B Ravi – Independent Consultant – Infibeam Avenues Limited

Analyst:

Mr. Rajat Gupta – Go India Advisors



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Moderator: Ladies and gentlemen, good day and welcome to Infibeam Avenues Limited's Q3 FY2024 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rajat Gupta from Go India Advisors. Thank you and over to you Sir!

Rajat Gupta: Good afternoon everyone and welcome to Infibeam Avenues Limited Earnings Call to discuss the Q3 FY2024 Results. We have on the call with us today, Mr. Vishal Mehta – Chairman & Managing Director, Mr. Vishwas Patel – Joint Managing Director, Mr. Sunil Bhagat – Chief Financial Officer and Mr. Purvesh Parekh – Head, Investor Relations. 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 will open the floor for Q&A. Thank you and over to you Sir!

Vishal Mehta: Thank you Rajat, good evening everyone and a very warm welcome to our 3Q FY2024 earnings call. I am very proud of the performance of Infibeam Avenues in 3Q achieving several historical highs. We added an impressive Rs. 1.2 billion or Rs. 120 Crores quarter-over-quarter in gross revenue which is a historic feat by the company as we focus on scaling our business to newer heights with each passing quarter. Our digital payments business through CCAvenue led the way for the increase in revenue. Operating or EBITDA margins and profit margins continue to remain strong as we take advantage of steadily improving leverage as we scale up. Especially if you look at our standalone financials, the standalone business which now constitutes almost 94% of our consolidated gross revenue compared to 92% a few quarters earlier comprises of India payments in our platform business which has an operating margin of 67% and a profit after tax margin of 42.4%, which is the highest historically excluding the mark-to-market impact of our investments. The movement of course in terms of mark-to-market is notional, which does not impact company's cash flow and hence if we find it prudent to be excluding it from our operating performance for a like-to-like comparison. Consolidated EBITDA margins were at 61.2% and profit margins at 37.3% on a consolidated business basis respectively. The reason for the lower margin in consolidated business is on account of our focus to scale our subsidiary businesses internationally where we are currently focused on gaining market segment share. Yet the consolidated operating and profitable margins are among the best in the industry and better than some of the top international players.



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I want to focus on India payments, our India payments business continues to show strength as we added almost a billion rupees in gross revenue in a single quarter. In CCAvenue we added more than 200000 merchants. On an average we added 2500 merchants on a daily basis during the quarter keeping the merchant addition pace consistent. We were able to incrementally add Rs.50 billion to our India transaction processing volume in this quarter. Total India payments transaction processing volume rose to Rs.663 billion growing at 34% year-over-year while the TPV of the payments business as a whole including India, international and Go Payments was Rs.709 billion for the quarter growing at 32% year-over-year. In the third quarter India payments business net revenue has grown 34% year-over-year crossing Rs.500 million mark for the first time. Net take rate for the India payments business remains stable at 8.5 basis points sequentially. As you will notice we are not compromising growth or compromising one metric while compensating on the other and yet we are able to grow profitably registering the highest ever PAT in a single quarter. On our international business while India payments business remains strong we will continue to grow in Amrit Kaal. We are also focusing on growing our international payments business and working towards scaling the business from here onwards. You will hear more from us about our plans to scale the international business in the coming few weeks to months.

I would now like to give you an update on our contract with GeM which is the government e-marketplace. GeM continues to use our marketplace platform for all the buying and selling happening on the platform. To give you a brief idea December 14, 2023 was the last day of our contract as per the old RFP and we have recorded revenues and taken a conservative view so far in recorded revenues only up to December 14, 2023. The intellectual property of the e-marketplace platform belongs to Infibeam Avenues and we are in discussions with GeM on the protection of the intellectual property along with the commercials associated being the same as the new MSP has taken over. The resolution of the same is expected within this quarter and we will provide the right accounting treatment to record the revenues accordingly. We will update everyone about the same once we hear back.

As far as our recent announcements on artificial intelligence in the third quarter including the month of January we took multiple strides to build artificial intelligence business in Infibeam to bolster both our payments and the platform business both from inside out as well as outside in. We believe that AI will take the center stage not just in the world but also across all businesses as well as with its infinite use in various facets of our business India stands to gain hugely through implementations across multiple areas. Our central focus will be on the retailers and how we can grow sales for the retailers and improve the experience. We have made investments to create an AI hub. We launched India's first AI hub at GIFT



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City Gandhinagar and christened it as Phronetic.AI. We have signed an MoU with the Gujarat government for Rs.20 billion at the Vibrant Gujarat Summit held earlier this month in January for building and developing a state-of-the-art AI hub and we have also appointed Rajesh Kumar as the CEO of Phronetic.AI. Rajesh comes with a wealth and experience more than a decade of experience in building out his own company called Streamoid as well as being the chief architect in some of the products at Yahoo.

We think apart from the payments business where we have established and growing customer base including our expansion in international markets it becomes crucial for us to build futuristic capabilities this time through artificial intelligence for the rapidly expanding Indian sector to achieve several objectives, enhance operational efficiencies, improve security measures, improve customer experience of the retailers and also to advocate for policy development tailored to meet the needs for small and medium retailers. Additionally, the company anticipates that through the gig economy and full-time employment AI can add a lot of employment opportunities across.

I will now hand over the call to Sunil Bhagat who is our CFO to quickly give you a synopsis of our financial and operational performance for the third quarter.

Sunil over to you!

Sunil Bhagat:

Thank you Vishal bhai. Good evening everyone. I am pleased to state that gross revenue for the first time crossed US\$100 million in a quarter reaching at Rs. 9120 million that is approximately US\$111 million in third quarter of FY2024 which is growing at 120% year-over-year. The robust increase is on account of strong growth in India payments gross revenue which is growing at 147% year-over-year. This is largely due to rising contribution from credit payment options which is now reaching at 53 to 55% levels across 9 months of FY2024 compared to under 50% levels in FY2023. Our market share in online credit card spends has increased from 9% in FY2023 to over 10% in the span of nine months of FY2024. Not only has the TPV increased but the gross and net take rates have also increased leading to such high performance. Even the net take rate has remained stable at 8.5 basis points which is due to our deep relationship with banks and many large merchants over the last 25 years who pay for superior quality of our service and for our robust and secure payment options.

Now on the financial performance for Q3 of FY20224 against Q3 of FY2023, our TPV has reported 75% increase year-over-year. Our gross revenue has increased by 120% to Rs.912 Crores. Our net revenue increased by 33% to Rs.113 Crores. Our EBITDA for the quarter increased by 45% to Rs.69 Crores. Our PAT increased by 64% to Rs.42 Crores in this



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quarter. If we consider the financial performance of nine months ending on December 31, 2023 on consolidated basis our TPV again increased by 61% year-over-year basis. Our gross revenue increased by 87% to Rs.2400 Crores plus. Our net revenue increased by 36% to Rs.322 Crores. Our EBITDA increased by 48% to Rs.193 Crores. Our PAT increased by 82% to 112 Crores. Just to appraise you we have almost achieved the same net revenue in the span of nine months of FY2024 as that of the entire FY2023 while we have already surpassed the entire FY2023 EBITDA and PAT in the first nine months of FY2024.

It gives me immense pleasure to state that this year has been the best year of Infibeam on a comparable basis since we have been listed and we are bearing the fruits of a sustained philosophy of going after profitable revenue and not chasing growth at any cost.

I will now request the moderator to open the floor for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Pranay Jain from DealWealth Capital.

Pranay Jain: Thank you for the opportunity and congratulations on a robust quarter and nine month performance. Just wanted to understand how is 2024 year looking based on early trends at the start of this year, what are the milestones we can look forward to in terms of TPV margins and profitability because we have now resolved to grow profitably instead of just growth at any cost so wanted to understand with our stance at present what milestones are we aiming ahead?

Vishal Mehta: Typically we generally give out guidance for the next year in the first quarter looking at the trends post Q3, Q3 being a seasonal quarter because a lot of holidays and festival seasons happen in Q3 so far Q4 has been strong for us, so in the first three weeks of January we still continue to see strong performance, so as we actually approach towards the first quarter of next year we will have more indications on 2024. If you look at our growth year-over-year since last year we have grown upwards of 60% in terms of gross revenues and in terms of overall performance also we have kept on looking at profitable growth which is what we mentioned earlier so the three drivers of growth we believe for next year would be one our continuous focus on adding merchants, we have added quarter of million merchants. While adding merchants is not linear with our growth we bear the fruits of adding merchants over quarters. There is a latency between the processing versus the addition of merchants so we believe that we should continue adding merchants. Even this quarter we added quarter of million merchants so we will continue that track in India. Second is we will offer TapPay solutions. TapPay has shown very good promise. What we have done is we have white labeled the solution for several providers, right now fortunately the Chalo App which is



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used in Mumbai and many of the other locations we white label it for partners while the underlying processes are all the same and more than two-and-a-half million passengers will benefit out of the same so we believe that such implementations and partnerships will add to our overall transaction volume and growth and we also believe international we have only scratched the surface. Currently in UAE we process a billion Dirhams a month now. While in terms of revenue our overall revenue from international is less than 6 or 7% of the overall we believe that it has a potential in the next two years to get to 25-30% so while we will be focused very much on India we believe International can also add significant growth opportunities for us so we will of course tell you a little bit more in terms of the overall guidance in the first quarter of 2024.

Pranay Jain:

So three things from what you said one not just from a yearly point of view but say over the next two to three years what is the size that we are aiming to be in UAE basis of partnerships that we are doing, basis of conversations that we have had, basis the traction in transactions we have had since it was earlier mentioned that our profitability rates are already superior compared to some global peers so how do we see that in UAE that is number one, number two what is the net take rate we see in terms of trajectory going forward and three with regards to the partnerships in India I mean GeM has been fantastic for us but otherwise what kind of partnerships have we struck and the investments that we are making for example So Hum Bharat is one what kind of investments we are doing in India to increase our opportunity size here?

Vishal Mehta:

Sure I will answer the second question and then the third questions first. In terms of our presence in UAE we have grown significantly. We have crossed billion Dirhams a month and if you look at the number of clients we have in UAE, so basically for UAE we have double digit BPS and we process it in the teens and we have been able to grow significantly. We have about 7000 odd clients in UAE and we have been able to process a billion Dirhams so we believe that we would like to grow the trajectory from 7000 merchants to 70000 merchants in the next 12 to 24 months that is the kind of growth that we would like to see in UAE. As far as India is concerned we have guided everyone but right now we are at 8.5 bps, we would like to reach double digit bps in terms of take rates, so I think that is the India business and to answer your question about GeM and we have added two clients this quarter, so we expect that in the next one or two quarters even if there is a deficit we are able to come back overall in terms of our platform revenue, so I think we have mentioned the same earlier as well but we believe that going forward given that the artificial intelligence layer that we have built out and you will hear more about it in the next few weeks including the products that we have built out. We believe they are transformational, they are very interesting and just so that you know it is thought about in two ways one is how do we increase productivity within the company for everything and every task that we



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do and second is how do we work on high impact opportunities and today we are working on both but we will have more to share with you in the coming months.

Pranay Jain: Thank you so much for the detailed response. I will get back in the queue.

Moderator: The next question is from the line of Kunj Lalka from GoldenTrunk Capital Venture. Please go ahead Sir.

Kunj Lalka: Sir my question is could you please share your strategy behind acquiring Pirimid Fintech what do we see future from here?

Vishal Mehta: If I heard your question correctly what was the strategy behind the investments in Pirimid Fintech and how does it benefit us at Infibeam so Pirimid is a company that focuses on building out capital market software as well as they build out a lot of frameworks for lending and I think they have been able to give such frameworks not just in India but international companies they know how to build out zero latency frameworks and the two opportunities that we think are interesting in that is we think that we can introduce payments as an integral part of whatever we look at doing. I think you must have heard a lot of information in conversations about real-time settlements not just payments but settlements. We think there is a role to be played there so that is one thing that we think we will want to explore with them further on. The second thing that we would also explore is how the AI works on transaction volumes. A lot of things that we can actually work on in terms of shifting through all these transactions become interesting and then the third opportunity that they are working on which we think is also interesting is the lending frameworks. As you think about fintech while there are a lot of discussions we have been appropriately conservative in terms of how we think through lending. We are building out a thesis, a stronger thesis by the day in terms of what that looks like and we expect that in the next few weeks you will hear more from us in terms of what we would like to do in that space as well.

Kunj Lalka: Sir my second question is the number of investments we are making into the international avenue so how do we see this like what is the targeted capex for the coming years?

Vishal Mehta: See we will have more to share with you in the next quarter for FY2024 and we will give you guidance but one thing we know is that we will be wanting to grow in the earlier question I mentioned that we would like to grow from 7000 merchants today using our payments framework to 70000 so we would like to grow 10x and we have done some capex, you see there is a lot of compliances on data localization in every international country. There are a lot of GDPR guidelines in terms of what you need to comply with and



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every country is also coming up with the payment aggregation license just like India RBI has given payment aggregation license every country is going through the same and one needs to comply not just from a regulatory perspective and compliances but also ensuring that the data privacy and many other components of that have been met and only after the audits do such licenses come through so in Middle East we have routed ourselves, we would want to make such investments, compliance-related softwares and frameworks also need to be in place and so I think one can expect that as we build up more and more international regions the two regions in Middle East today that we are focused on is UAE and Saudi, but we have also opened up our framework to banks and institutions in other regions like Oman and others, so as we build up each country at a time we will incur that level of capex. The good thing about that is that it is incrementally highly accretive for the company so we believe that if we can scale up and if you have an aspiration to scale our international business from a single digit percentage to a two-digit percentage number in the coming 24 months we do the appropriate level of capex funding for the same.

Moderator: So the next question is from the line of Pranav from Dolat Capital. Please go ahead.

Pranav: So just one thing from the net take rate so sequentially they have dipped from about 9.3 to 8.4 is this currently attributed to international business?

Vishal Mehta: Yes we have tried to scale the international business so you are right; it is attributed to the international.

Pranav: So we face some higher processing cost over there?

Purvesh Parekh: So in our international business and one of our subsidiary Go Payments we are scaling up the business significantly because we see there is a lot of opportunity to grow, as our Chairman was just speaking in the previous question. We have a lot of opportunity there to scale and even increase our market share, so currently we are in a mode to grow in these areas where we have seen a slight dip in our take rates but we also mentioned that our India take rates are at the same level like we had in the previous quarter and we are profitably growing in India so international is probably just a little bit of blip maybe for a quarter or two as we keep scaling and we expand in the international geography so you will see the overall take rate maybe has slightly come down but the future prospects are very bright in these markets.

Pranav: Second one will be on the AI piece so if you could just elaborate what kind of opportunities would we see in terms of enhancing our core business I understand we made an acquisition but for our own transaction business how can we use AI to grow up the next leg of growth?



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Vishal Mehta:

Sure so the way we look at AI is there are two ways in terms of abstraction, one is how can we use AI to improve the productivity of everything that we do within the company that is one and second is how do we use AI to make transactions more efficient better, security-related issues, fraud-related issues so on and so forth and how do we do it across billions of transactions that we do so that we can make it smarter better over time and what we find is that as far as the productivity is concerned and if you look at the overall ecosystem 80% of the people we believe who are working in the ecosystem are working on productivity-related solutions. In other words we believe that AI has an opportunity to make every job within the company more productive and what you could do maybe in few hours you can perhaps do it in minutes and for each of the productivity-related metrics you can have tools that can come up but these productivity-related tools will not be a competitive advantage in our opinion in the long term because we believe that that option of productivity-related tools will be pervasive it will happen across the Board not just in one company. What will be really defensive and which will be extremely thorough would be the framework that we develop which potentially allows us to make our business smarter, better, more productive and that is where we believe that AI plays a role. We have already started implementing the training frameworks for the same. We believe there are two aspects of this training and inference for everything that we do and we are trying to get more and more better by the day and I think you have to go multimodal in this case it is not just transactions it is authentication as well for the user that essentially originates even before a transaction because a fraudulent transaction happens because of authentication failure as well or a spoofing of an authenticated agent, so you may have heard that we have launched something called Theia which is a tool which is in data mode for visual AI, it identifies quite a few things visually when you want to do video KYC and many others, all the way from there to transaction processing, how we process transactions, how do we look at not just checks and balances, fortunately we have got significant amount of data that we sit on top of because finally you see we were sitting on a lot of data and a lot of people say we are sitting on data but it basically feels gold if you do not use it properly, so in order to make it gold we need to actually make sure that we are using those right frameworks that give us very high level of accuracy in terms of what we would like to accomplish and remove all the false positives and negatives so we believe that these tools and frameworks that we build out are not just going to be utilized by us it will be used by several financial institutions across and we think that maybe in the next one or two quarters we would be publishing a few frameworks out there for people to utilize for the greater community to utilize and there will be enterprise level products, which will be utilized for financial institutions, banks and others which we want to publish. While we will use it for ourselves we will also open it up for others.

Pranav:

I do have a few other questions. I will get back in the queue.



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Moderator: Thank you. The next question is from the line of Mayur from Profitmart. Please go ahead.

Mayur: Thank you for the opportunity and congratulation on good set of number. Sir my first question is regarding your AI advancement and the MoU signed with the Gujarat government, could you please provide more details about the AI hub that we are envisioning?

Vishal Mehta: See fundamentally what we realized is that retailers have two major problems first is being able to when you look at the entire framework and when you think about smaller retailers not everyone has an ERP solutions, not everyone actually works with ERP larger retailers definitely they do but when you think about small and medium sized retailers they do not, so one of the things that we are looking at doing is visual AI, which means that through a simple camera how do I identify small objects inventory within the retailer. A lot of companies if you think about retailers they use CCTV cameras and the CCTV cameras are no use only when there is issue it is more like insurance. Whenever there is a theft or an issue they actually go and look at what is the frame-by-frame what happened so what we can do is we can actually use that same framework and use a software framework on top of it to be able to identify every single small object which is there, quantity of inventory, the kind of inventory which is out there and that becomes the basis of being able to I would not say share but through a single click be able to publish that inventory across multiple places including ONDC and others, so I think that becomes the first element of how one can utilize visual AI frameworks to be able to help retailers and then to be able to offer payments to all these retailers using TapPay because one would want to actually accept any kinds of payments in artificial intelligence not going to technical but there is something called supervised learning, so through these supervised learning frameworks you can actually identify whether the models are communicating properly and being able to identify objects properly and be able to assist the retailer in terms of being able to communicate and do whatever they want to do so this is just one example of what we would want to accomplish. There are three phases in which we would implement this project. I think the world is very close enough where you can actually start talking to the video cameras rather than actually going and looking frame-by-frame you can start talking to them every event of a consumer can be mapped out using artificial intelligence in terms of what they are doing and you can give elevated levels of customer experience based on what each of the individual is performing so I am just leaving you a very abstract concept but when you actually look at implementation there are thousands of training frameworks and things that you would want to do to be able to accomplish the same and the MoU that we have signed up is the one that enables these activities and we will be implementing that in phases.

Mayur: Could you please give me the details about the three phases?



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Vishal Mehta:

I think we will share more as we come through but it is essentially the level of participation it is actually to become statistically significant in accuracy you do not want to do it on five or 10 retailers you want to do it on a few thousand retailers and what you want to do is work on statistical significance in terms of proving the accuracy and not necessarily just showing a few implementation saying that it is accurate so I think the phases are really about getting comfort on statistical. See one should know I have yet to see any artificial intelligence model that does not hallucinate as of today I can promise you that. Even open AI will hallucinate so the hallucination means that it will give you wrong results and so what you want to do is actually increase the accuracy of each of these models to a point where they become important, they become relevant, so just going and communicating saying that we have a model with a very low level of accuracy will not help. You want to get to a very high level of accuracy to give you an example someone who is actually driving self-driving cars you need an accuracy of 99.59 you do not want to have an accident but sitting with a retailer identifying objects you may be okay with 96, 97% accuracy of small object identification and detections, so one needs to actually come up with the right kind of set of metrics and the more the process and the more we do the models become smarter because the only way to actually make them better is with some human reinforced learning as well as being able to have more data, so I think for us rather than going all out we need to get it into phases. To answer your question it is just about the number of retailers that participate.

Mayur:

Thank you Sir and my last question is what key strategies are we implementing to gain market share in the payment space and maintain the competence especially in the face of emerging market player across this space?

Vishal Mehta:

One thing you should know is that RBI has been very proactive and they have been very selective about who to grant the payment aggregator license to, so in some ways you read out the bad actors and make sure that you allow everyone to become compliant so that is one. It is a competitive business let us be honest about it and we think that the pieces that we have is very easy to compromise a few BPS in payments to make more BPS in lending. We have always taken the approach it is not either or. One should be able to make money in payments as well as make money in lending and that thesis means that you have to extremely optimize your framework to a point where you know that you squeeze out every penny every BPS out of it so I think that has helped us in terms of being able to remain competitive. I think with scale and with the network that we operate we continue being competitive and then we have to work on innovative solutions which are AI driven solutions that potentially allow us. We are very bullish on AI just to let you know. I think that it has the potential to somewhat overhaul quite a bit of whatever we are doing in the next five years and the thesis while it is very hard to borrow somebody's conviction but we are convinced that that is the case. So as far as being able to make more efficient

frameworks, being able to identify and predict activities before they happen, being able to ensure that we can become productive, all of those things will have an important participation in keeping us competitive in my opinion.

- Mayur:** Thank you Sir. Thank you so much for your clear answer. That is all from my side.
- Moderator:** The next question is from the line of Deepesh Sancheti from Manya Finance. Please go ahead Sir.
- Deepesh Sancheti:** I just wanted to know the GeM gross merchandise value has experienced the quarter-on-quarter decrease dropping from over 1 lakh Crores in the previous quarters to around 91000 Crores in this quarter is it the first time that the quarter-on-quarter decline and GeM gross merchandise value has happened and what is the specific reason for this and also going ahead in Q4 and other quarters how do you see the GeM GMV?
- Vishal Mehta:** See of course we cannot comment specifically on the reasons why GMV went down or up but sequential quarter-on-quarter has happened in the past also so this is not the first time. For the first time what I can tell you is that what happened in the full last year GeM has accomplished more of that in the first nine months of this year compared to what they did in the full last year so I think overall the value has gone up significantly so that is the one part. The reasons behind that so on and so forth very hard to figure out because they are a client and they would know more about it than we would. Historically Q4 is a big quarter for GeM and given the election year and given that there is a lot of incentive and commitment to actually make GeM successful, we expect that should continue building up from here.
- Deepesh Sancheti:** The second question is can you provide me an update on your business in UAE what kind of growth and revenues contribution are we currently experiencing additionally could you also give me the TPV we are processing there and do we have any other plans, also the plans what we are doing in the new geographies you mentioned in the investor presentation but what are the capex which we are doing in the other geographies?
- Vishwas Patel:** On the numbers part Purvesh you take and the business side I will answer.
- Purvesh Parekh:** I will give you the numbers and then I will hand it over to our Joint Managing Director, Vishwas Patel to answer this. We do not separate out UAE but I can tell you that UAE has been growing at more than 50% CAGR as in Q3 also we have grown by more than 50% as far as GMV is concerned. Our take rates have always remained in the double digits. As I just mentioned in the previous question that we have been expanding in the UAE geography and soon we will be launching in Saudi as well. Due to promotional activities and in the last



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quarter also we mentioned that we have launched the offline business in UAE so we are seeing an extremely good response. Q3 you will know that even in the UAE market there are a lot of travelers, there are lot of people from various part of the world traveling to UAE especially in the months of November and December where we saw a very good uptake of our offline as well as the online which is why we went a bit more aggressive on the promotional side to push our UAE business and we have seen an extremely good response to that which is why the take rates slightly came down but they still continue to remain in the double digits and whatever we are building with the partnerships that we have in the whole of the GCC region I think from FY2025 onwards in fact from Q4 onwards you will see a much better performance there. I hope Deepesh I have answered your question. Tushar wait we have not completely addressed Deepesh. Deepesh numbers are okay with you?

Deepesh Sancheti:

Numbers are fine, if you can just answer that how much of capex are we planning to do for the other geographies?

Vishwas Patel:

On the business part on the UAE and Saudi, so on UAE part we have grown almost all the GMV is from the online businesses that are there. The focus is 7000 odd merchants so all the top merchants there in UAE, Emaar, DAMAC, Burj Khalifa everybody is primarily from the online business so now we are expanding the scope as Vishal said earlier how do we go from 10x merchant from 7000 to 70000 so that is where we are focusing right now on totally offline solution. The QR code is already deployed in many of the establishments there in UAE and now this TapPay will be getting into TapPay and our revenue solutions both we will be getting into a lot of offline businesses for processing offline through our CCAvenue app there. Of course we are also working on the platform side with multiple banks that we will announce subsequently in the quarters. Same way for the capex part is already built out in UAE over the last five years that we are operational there so it is just incremental operations that we are doing on certain specific solutions that is there. Saudi we are just starting off because of the licensing norms. We have got the in-principal approval from SAMA the Saudi Arabian Monetary Authority to start business. The next quarter even Saudi market will also be reflected in our business. In Oman we have opened up our platform to three of the biggest banks there that is Bank Muscat, BankDhofar, and Bank Sohar another one bank so they are using our entire platform as a service there and other things so this kind of growth pattern in the Middle East very quickly we will cover other one or two small markets before we move on to another geography. On the capex part as I said Purvesh you want to take that on.

Vishal Mehta:

Typical capex that you see one can reasonably assume that for any geography you light it up and completely localized and so on and so forth it will be \$2 to 3 million capex.



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- Deepesh Sancheti:** That will be for each and every country?
- Vishal Mehta:** Every country depending upon the rules and regulations because if you want to have localization in every country and become compliant we expect that that will go that route if not today tomorrow so while we can operate centrally depending upon because every country will have certain rules and regulations around payments and over a period of time you will need to become compliant to these rules and regulations.
- Deepesh Sancheti:** Right so if any AI module also which we develop that will be also be expanded throughout the geographies right?
- Vishal Mehta:** Yes that is correct.
- Deepesh Sancheti:** The AI module that is developing self or are we also talking to companies like Open AI or Microsoft or Enterprise Bot or something like that are we open to that or we are doing everything ourselves?
- Vishal Mehta:** See fortunately we are not working on large language models LLMs that we talk about. To do LLMs is going to require in my opinion and that is open information 16000 GPUs billion dollar capex, a very large investment. What we are looking at is training and inference and when we look at video analytics we work with companies to be able to build up. Everything that we building out right now would be proprietary to us but if you wanted to actually go and say that listen I want to start talking with videos and not look frame-by-frame then we will look at partnerships where you would need a base framework base foundation model and then you actually allow the video to be able to talk to you in certain specific ways so whatever LLVA that we talk about or what I talk about is large language video analytics framework or when you think about LLMs you would need to think about foundation models and what we realize is that there are several foundation models it is not just one foundation model and those foundation models will go through their own ups and downs and turbulations but the thing that we realize is that each of these foundation models need applications for monetization, otherwise these foundations model do not have monetization opportunities, so getting into the details of it will be hard right now but you can think about us as we are building out our proprietary, it is all internal proprietary and then we will partner with the right companies to be able to build up feature sets and functionalities that potentially make the entire offering very rich.
- Deepesh Sancheti:** So you will be partnering with this foundation model and then over that you will be layering it up with what exactly is good for your application have I got this right?



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- Vishal Mehta:** Most likely yes.
- Deepesh Sancheti:** Perfect thank you so much.
- Moderator:** Thank you. The next question is from the line of Rahul Jain from Dolat Capital. Please go ahead.
- Rahul Jain:** Just wanted to understand your thoughts on two aspects firstly the transaction that we did with the Pirimid lending solution what is the kind of synergy that we are seeking out of this transaction for our business and secondly on the investment that we have done to acquiring the minority the rest of the stake in So Hum what kind of investment it will entail and what are the next two, three year objective that we plan to achieve from that?
- Vishal Mehta:** Sure to answer the second question first So Hum is 50.5% owned by Infi and this announcement is about acquiring the remainder 49.5%. So Hum is the entity that was utilized to be able to apply for the new umbrella entity license for retail payment systems. So Hum had applied as part of a consortium and we discussed this in the past there are several consortiums that have applied for the new umbrella entity license with RBI. So far we have not heard back from RBI but we believe that payment aggregator licenses were first evaluated and with due time we will hear more from RBI in terms of the overall perspective. The amount of investment is Rs.45 lakhs so we are requiring the remainder part for Rs.45 lakhs given that the entity is a conservative partner and it has to go through the process of RBI vetting. There are several consortiums that have applied. It is all public information of who has applied with whom and we are yet to hear so that is the part in terms of So Hum. Once we hear back and once we are awarded as a consortium any specific license from regulator at that point we will be sharing more information in terms of what it requires and what it entails, but as of now we have taken over 100% of So Hum so it will become 100% subsidiary of ours and the amount of investment is about 45 lakhs so that is So Hum. What was the second question Rahul regarding Pirimid, so basically as far as the rationale for Pirimid is, Pirimid builds zero latency software frameworks, they have frameworks for account aggregation, they work out, they have framework that they have built for lending applications, many of the clients they include large companies including the likes of Lendingkart and others who utilize them and they have given trading frameworks, capital markets trading frameworks to international companies as well some very reputed ones, so our objective was twofold one is how do we integrate payments because payments and settlement in capital markets will become very important facet in the next few coming quarters and we believe that there is a place to inject payments as a core competency into that so that is one place that we will explore which we do not exist right now in that space at all and we believe that by the capital markets and given that one needs



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to look at real-time settlements I think there will be an important facet of how one can participate in that setup so that is one area that we would like to build out. Second is when you provide such high zero latency, high performance frameworks to company's role of artificial intelligence data become very important and we will be exploring frameworks. We have already started exploring frameworks in terms of how we can inject the frameworks that we built out into specific offerings to clients and I think Rahul to answer your question see data is everything, data will actually allow you to train it. Over a period of time models is important but without data you cannot actually do much and so what that does is for every client we make it specific to the client and they can learn from the generalized model as well as specific data for their own models. In some ways ChatGPT-4 Turbo where you can customize it based on your data but rather than actually doing your generalized data given that it is verticalised for fintech you can actually do a much better job in terms of overall performance compared to any generalized model so we will work on those kinds of opportunities to be able to build up from there. We see good synergies in that space. Lending is important to us this is the third facet of it. We think that we have been appropriately conservative. We did settlement funding that is express settlement that we talked about in the past but we have also built out our thesis in terms of what we would like to participate in because that is a very large opportunity in the number of merchants that we hold and maybe in this quarter itself you will hear more from us in terms of what we would like to do in that space.

Rahul Jain: Right and just last bit on the GeM side of the business you said you have this billing till this point which you have accounted for this quarter and since they continue to use the IP is it safe to assume that till the point they use it the revenue has to come, it is just that it is not contracted at this point or you see a risk of not getting paid for that part as well?

Vishal Mehta: Our internal bias is always to be appropriately conservative much like an investor would think and make sure that you expect the best and account for the scenarios that you do not expect them to unfold, so we have accounted for revenues only until December 14, 2023 and there is a difference between a cup and the lip until we have a contract will be hard to actually comment on it. One thing we know is that you it is our intellectual property it is being utilized for every transaction that happens today.

Rahul Jain: Just to reconfirm that so essentially we have booked revenue for 74 days and cost for the full 90 days in this quarter?

Vishal Mehta: Sorry 74 days and what I am sorry I did not hear the last part?

Rahul Jain: So in a way we have booked revenue for 74 days.



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- Vishal Mehta:** 100% true.
- Rahul Jain:** Understood. Thank you. That is it from my side.
- Moderator:** Thank you. The next question is from Hemal. He is an individual investor. Please go ahead.
- Hemal:** Very simple question I do not know if you publish this if you do is how much is our revenue this year of 9 months from like what percentage of revenue will be from GeM?
- Vishal Mehta:** We do not publish that but one can assume that it is low single digit percentage.
- Hemal:** Thank you. That is it for me.
- Moderator:** Thank you. The next question is from Ayushi Shah. She is an individual investor. Please go ahead.
- Ayushi Shah:** Yes Sir so basically my question was that regarding the jump in of 120 Crores in the operating expenses so what does it pertain to like what are we spent on?
- Vishwas Patel:** Ayushi the rise in operating expenses is basically the payment processing charges.
- Ayushi Shah:** Payment processing charges so can you elaborate a bit more on that nothing from like DRC, mark-to-market, or anything like that that has come in over here right?
- Vishwas Patel:** Operating expense cannot include mark-to-market right so mark-to-market losses for this quarter have been recorded in the other expenses. This quarter we have processed a lot of credit cards whichever CFO was mentioning somewhere around 53 to 55% is the contribution from the credit cards. As you are aware we have been saying in every call that credit card cost to the company is on a higher side say around 180-185 basis points for example and we give it to the merchant as 200 basis points so the operating expenses get recorded at this 180 or 185 basis points because the volume of credit card has increased so the payment processing charges have increased in proportion to the contribution from credit options.
- Ayushi Shah:** Sir where do we stand on UAE like we are in?
- Vishal Mehta:** We have not announced anything of that sort so maybe you are referring to whatever you may be referring to but one thing we know is that it is a fully owned subsidiary of us and we are building up the business and as and when we have more information we will share with you.



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- Ayushi Shah:** Alright Sir and regarding the patent regarding TapPay is there any update on it I have been asking since a while now and it has almost been a year since we applied for the same?
- Vishwas Patel:** We have applied for the patent. We are awaiting further response from the respective trademark copyright patent office. We have not heard anything for it so application is done so if we hear anything from the office then we will definitely update in the next few days.
- Ayushi Shah:** Sir on slide 14 of the investor presentation it is mentioned that we are awaiting a retail payment network.
- Vishwas Patel:** Ayushi sorry to interrupt. Today we have lot many people in the queue could you please come back.
- Ayushi Shah:** Yes sure thank you.
- Moderator:** Thank you. The next question is Pranav from Dolat Capital. Please go ahead.
- Pranav:** So just on the tie-up with Bandhan Bank so how does this expand our opportunity for our payment business and what kind of partnerships can we expect going forward?
- Vishwas Patel:** Bandhan Bank is a tie-up for different cards of instant EMI that we can give on cards and offering to the end customers of the merchant, so if you are a Bandhan Bank customer and shopping on any of the websites that are powered by CCAvenue you can instantly convert your transactions into EMI giving you more flexibility to buy higher ticket items for yourself, so these kind of tie-ups we already have with almost 17 or 18 of the banks but we are the only player to be able to give instant EMI with the agreed rates for specific periods so that is one part of course there is some processing and there is also platform usage with Bandhan Bank relationships. As we say we have almost 75 plus banks relationships going on with various services, utilization from acquiring to others Bandhan Bank is one of them.
- Pranav:** That is all from mine.
- Moderator:** Thank you. The next question is from the line of Pranay Jain from DealWealth Capital.
- Pranay Jain:** One I just wanted to understand when are we expecting the retail payment network license that is on the retail side and on ERP could you give us a flavor of some of the clients we could see in the presentation by the end of the year other than the big names we are seeing on a regular basis?



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Vishal Mehta: Sure so in terms of the retail payment license the NU license which is the one that you are referring to ISO and so for that particular license we have heard as much as you have heard from the news in terms of when RBI is expected to pick up, not pick up so on and so forth but we will hear more from the regulator as soon as we hear we will let you know. The thing that we know is that several consortiums have bid on the NU license. It is a very large license because it enables you to do a lot more and not just payment aggregation but a lot more in terms of coming up with your own in some way competing framework to NPC and many others possibly so when we hear more about it we will let you know. Our consortium we believe is a strong consortium that we have established and we think that as soon as we hear back from the regulator we will update you in terms of the next steps process so on and so forth. The application was made several quarters ago if you recollect but in terms of the priority the focus was really about payment aggregation license first and we believe that since payment aggregation license has been awarded and continues to be evaluated we think that hopefully we should hear back shortly but we do not have any confirmed timelines on the same.

Pranay Jain: On the ERP side we generally see examples like GeM, Jio, Sony?

Vishal Mehta: We will be talking about that very shortly so by the end of the year you will have more information.

Pranay Jain: The second part was internationally what are we penciling for US, Australia next couple of years as we are making a foray there and on a consolidated basis anything that we are aiming on ROA and ROE it is single digit at present so just wanted to know what is the path we have?

Vishal Mehta: Sure so internationally I think for each geography in Australia and US also they are very large geographies and we have mentioned earlier that today international business is single digit percentage of our overall revenue and we expect in the next two years it should be good 25-30% of our overall business so while India will also grow international should grow and that is the pieces that we want to work with and that will involve for us to actually build up quite a bit of frameworks in international. Fortunately we have seen success with UAE geography. We know the thesis we have tried it out, we have been present it is growing significantly well for us so we believe that we can replicate the same model. We call it country in the box which means that we can actually build up a team within the country and then we can actually make it work for you to set up from ground zero it involves good amount of capex but with incremental capex we can actually build out a country and countries where we believe that we do not have huge opportunity or maybe the volume is not as high we actually work on the CGPA solution which is where we provide



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our framework to a bank so that they can give it to clients. For example Oman may be a small geography today for us to pick up but we gave it to a bank who eventually on-board clients, so it comes as a bank white label solution and not a CCAvenue solution let us put it this way, so it will be like a pick and choose approach in certain geographies we would like to work with a bank because we do not think that that geography is large enough for us to actually get a team out there or in terms of our priority of the countries that we want to pick up that is not very high up on the list. If you go to anyone in UAE and maybe if you asked if you have processed through CCAvenue payment gateway maybe most of the times they would say yes they would have recollected us and I think with the QR code solution that Vishwas brought up where we are introducing TapPay it will become even more pervasive in that geography and we believe that is a good base for us to start building up on top of.

Pranay Jain:

UAE thesis I understood for US and Australia I was asking what kind of partnership we see as vital whether with the financial players or fintech players we have solutions which are tested but like you said these are very advanced large financial economies and perhaps the strategy needs to be tweaked a little bit we must have identified collaborations and partnerships over there that we are working on so any light you can throw on that?

Vishal Mehta:

Sure to give an instance in the US we think that just going as a payment infrastructure provider may not work we need to work on solutions and payments together. Vishwas brought up something called railway avenue in the past where we provide frameworks to hotels and so when we provide solutions along with payments to such aggregators then it makes it very interesting and fortunately on a lighter note most of the hotel owners are Patels in US so we think that there will be some chemistry out there that we can perhaps work our magic through but having said that I think you need to work on your strengths and we think that the strength is that we vertically focus ourselves where the margins are significantly higher. In the entertainment business the margins are very high and the inventory is perishable so if we are able to make it a win-win situation for someone who is utilizing us by providing infra with payments and also on the other hand allowing them to monetize better I think that becomes a good combination where we can take over quite a bit of other volumes and on the partnership side you need to work with acquiring banks so large enough acquiring banks who have a huge set of margins where given the efficiency and the promise with which we have our framework built out and the solutioning capability that we are looking at including the frameworks in AI that we bring up that they would want to migrate the merchants onto our framework.

Pranay Jain:

Alright and the consolidated numbers on ROA and ROE?



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- Purvesh Parekh:** If you notice we had just mentioned in the beginning of our opening remarks the standalone constitutes about 94% of the consolidated revenue that you see. Majority of the business comes from our India payments and the platforms business the marketplace software and the entire suite around this marketplace that we have sitting in our standalone business where we are generating about 66% EBITDA margin. This business is the core of Infibeam Avenues which we have been doing for past couple of decades since we began. This business if you see has been generating an ROE of somewhere close to 25%. how 25% and not the single digit as you were mentioning? We have made investments in a lot of subsidiaries just about a year or two before the COVID and these were startup kind of businesses so when they just started in about a year or two we were hit by COVID and there was a slowdown in those businesses but the investments were already made so you will see a large chunk of investment in our standalone balance sheet as well so temporarily if you keep those investments aside which are for the long-term prospects of the investments that we have in these subsidiaries and we have a large part of goodwill also sitting in the books. You will see that the standalone business itself is generating an ROE of somewhere close to 25%. You will also notice that in our presentation on the last slide the way we have shown it so the ROE is not single digit it is actually somewhere close to 25% for the core business that we are into.
- Pranay Jain:** The last page shows 19% ROE for standalone.
- Purvesh Parekh:** That is FY2023, I am talking of first half of FY2024 when we already had a balance sheet and the cash flow published.
- Pranay Jain:** So this is going to look like what over the next one to two years?
- Purvesh Parekh:** So we plan to sustain it or grow it in future. We also mentioned that we are getting the benefit of operating leverage because of the scale that we are into, so going forward we will try to sustain or increase our ROE levels from here.
- Pranay Jain:** Anything on the assets?
- Purvesh Parekh:** On the assets can you touch base with me offline because I will have to work that out. I do not have it readily available but I think it is somewhere in the range of 5 to 6% if I am not wrong.
- Pranay Jain:** Alright Purvesh. Thank you.



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Moderator: Thank you. Due to time constraint the management will take one last question. The next question is from Souvik Kumar Ghosh. He is an individual investor please go ahead.

Souvik Kumar Ghosh: Thank you for the opportunity and congratulations on the great set of numbers so I primarily had two questions for the AI domain one is when do you see the AI offerings start to contribute meaningfully to the topline that is first question and second question is what has been the operating expenditure relating to the AI vertical in this quarter and what could be the run rate going ahead?

Vishal Mehta: So basically we do not dissect as a segment and then publish the numbers in terms of the opex and so on and so forth on the AI business, but as far as the overall opportunity is concerned we think that the first question is that when will AI significantly contribute to the numbers. The framework is built horizontally which means that our existing businesses both the platform and payments business will continue to grow. AI will support those businesses by being a horizontal layer as far as the core business is concerned which is what I was talking to you earlier it will make that business more smarter, intelligent, optimal, and be able to and as well as in some cases productive and marketable so we think that that becomes the core competency for us. The second piece on the impact of it you see the moment you actually go into retail stores and what I talked to you earlier about was the visual AI component of it. In our opinion not many people work on those frameworks but if you are able to actually make it very meaningful and you provide some security solutions, payment solutions and inventory tracking solutions, customer experience solutions and if you are able to make it statistically significant and make a big impact then those solutions become very critical because without data nobody can build out such solutions and I think that is where we feel that there will be a significant impact. My expectation is that you start seeing impact in our numbers both for payment and platform business in the coming quarter and as far as AI business specifically is concerned which is outside you see we have introduced TapPay where it goes into physical retail stores so if we have a solution where we are offering visual AI with TapPay we always think of combinations that sort which actually makes our model more productive and also allows us to increase our core business, so I do not know whether it answered your question but we will not segment out AI as a separate line item until becomes business that we offer as a standalone to third party at which point we will.

Souvik Kumar Ghosh: Understood Sir. Thank you.

Moderator: Thank you. That was the last question. I would now like to hand the conference over to management for closing comments.



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Vishal Mehta: Thank you all for visiting our third quarter earnings call and we look forward to keeping in touch with you and update you on the latest from the company. Thanks again.

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