



INFIBEAM AVENUES LIMITED

TRANSCRIPT OF

11th ANNUAL GENERAL MEETING HELD ON SEPTEMBER 23, 2021

➤ **Mr. Shyamal Trivedi, Vice President & Company Secretary:**

A very good morning to everyone, I am Shyamal Trivedi, Vice President and Company Secretary of the Company, I hope that you and your family are safe and in good health. I take great pleasure in welcoming you all to the 11th Annual General Meeting of Infibeam Avenues Limited.

Members may note that this Annual General Meeting is being held through video conferencing in view of ongoing COVID-19 pandemic and in accordance with the circulars issued by the Ministry of Corporate and the SEBI. Facility for joining this meeting through video conferencing or other audio-visual means is made available for the members on a first-come-first-served basis as due to the pandemic, we are unable to arrange for the physical meeting of the shareholders. Members may also note that the participation through video conferencing is being reckoned for the purpose of quorum as per the circulars issued by Ministry of Corporate Affairs in this behalf.

Now, let me introduce you all to the members of the Board and KMPs present with us today,

1. Mr. Ajit Mehta, Chairman & Non-Executive Director, Chairman of Stakeholders' Relationship Committee
2. Mr. Vishal Mehta, Managing Director
3. Mr. Vishwas Patel, Executive Director
4. Mr. Keyoor Bakshi, Independent Director and Chairman of Audit Committee
5. Mr. Roopkishan Dave, Independent Director and Chairman of Nomination & Remuneration Committee
6. Ms. Vijaylaxmi Sheth, Independent Director and Chairperson of Corporate Social Responsibility Committee
7. Mr. Piyushkumar Sinha, Independent Director
8. Mr. Hiren Padhya, Chief Financial Officer of the Company

We also have with us, Mr. Narottam Shah and Mr. Bhavitavya Shah, partners of Shah & Taparia, Statutory Auditors of the Company, Mr. Ashish Doshi, Practising Company Secretary, partner of SPANJ & Associates, Secretarial Auditor of the Company.

As the requisite quorum of members is present, I request the Chairman for his consent, for the meeting to be called in order.

➤ **Mr. Ajit Mehta, Chairman & Non-Executive Director:**

Dear Shareholders,

Good Morning to all of you.

Welcome to our 11th Annual General Meeting, being conducted online through a video conference under the guidelines of Ministry of Corporate Affairs.

I hope all of you are in good health and your family and friends are safe too!

Infibeam, which began as a platforms company in 2010 and became a digital payments and platforms focused company in 2017, has constantly delivered value to the shareholders, investors, and society at large. With our platform being adopted by the Government of India for its e-marketplace, to our growing presence across the spectrum in the digital payments space, we have put all our energies and forces into bringing the best products and services to our merchant customers. Digital adoption is not a choice anymore, and we want to be the digital payments and ecommerce platform provider of choice for customers, enterprises, financial institutions, and governments around the globe.

The core purpose of Infibeam Avenues Ltd is to facilitate the growth of eCommerce through cutting edge fintech solutions. Over the years the company kept enhancing its fintech capabilities through organic growth and inorganic acquisitions.

Today through a diverse range of digital payments and eCommerce platforms the company is able to impact largest eCommerce platforms, Government's digitalization initiatives, large corporates, merchants and banks in India, Middle East and USA. The company is even impacting those who are underbanked and unbanked segment in India.

Stepping into FY22 and beyond, the company is poised to further accelerate its growth by powering infinite eCommerce.

India, with its 1.4 billion population, jumped on the digital bandwagon and is steadily racing ahead. Various research indicates that the opportunity in the digital payment sectors in India will cross US\$1 trillion in the next three to five years' timeframe growing at 35%-40% CAGR, due to strong growth in India. The next 10 years could see several industries flourishing online, which is great for the company's digital payments business.

India is still a highly cash driven economy, and currently only about 15-18% of payments are digital. India also has one of the lowest per capita digital transactions in the world, at 33 for FY 2021, even among many emerging countries. This indicates massive growth potential of the industry. And tailwinds such as regulatory changes and the Government's thrust to digitize the country give further impetus for this growth.

Expanding our opportunities landscape, we went to the UAE in 2018 and Saudi Arabia in 2019. We are already number two among the non-bank private payment companies in the UAE. Our 'country in a box' strategy has been successful and we are looking to penetrate further with the launch of USA and more international markets.

Just as the big telecom players have dreamt of putting a phone in every Indian's hand, and internet service providers have played a pivotal role in making the digital dream come true in the remotest corners of India, we dream of enhancing all merchants with digital payments. Whether it is a payment network, gateway, processing, acquiring, lending, managing receivables and payables, online banking or credit cards, we want to play a role in digitizing these for every business.

Our Board has approved a final dividend of 5% after issuing 1:1 bonus shares, effectively translating to a 10% dividend pre-bonus. Our EBITDA to cash conversion continues to be above 100% for five consecutive years. We are also free cash flow positive and have negligible debt. These strong financials give us the confidence to continue to generate maximum value for our shareholders.

We are proud of our work culture, and dedicated to improve the customer experience with our fintech products. Our rich experience, attention to details, innovation and forward thinking helps us bring out the best products and solutions to our customers. Our policies and practices are guided by strong ethics, an inspiration to have operational excellence, and bring our best to work everyday.

I would like to give my thanks to our employees and their families for their contribution and support during these difficult times of Corona for us and the world at large. I am immensely grateful to all of our stakeholders including vendors, investors, customers, partners and the society, who all form the fabric of the landscape we operate in. I hope for the world to heal and move past the pandemic, and for everyone to be safe, healthy and happy.

I would now like to hand over to our MD, Mr Vishal Mehta, to discuss the developments during the financial year 2021.

Thank you.

➤ **Mr. Vishal Mehta, Managing Director:**

Dear Shareholders,

Good morning to all of you, and welcome to the 11th AGM of Infibeam Avenues Ltd.

The world economy is at a very crucial transition phase, and I see exponential growth in the coming years for Infibeam Avenues, as the human race adapts to digitalization as a whole and digital payments as a part of it. The more the society as a whole turn toward digitalization, the more exponential growth I can see for Infibeam Avenues.

COVID-19 has been the catalyst for digitalization of the Indian economy as well as for most of the global economies. It has triggered a new business dimension. Digitalization can fulfil India's dream of being a US\$10 trillion economy by the end of this decade. And we want to be one of the contributors to fulfil the Government's vision.

To this, we have embarked on a mission to build a strong digital payments and ecommerce software platforms company to power infinite ecommerce for merchants. And we have built a superior and an unrivaled digital portfolio comprising, 'ecommerce software platforms', 'retail payments & bill payments', 'neo banking, cards & AI-based lending', 'domestic remittance and assisted services', as well as 'Cross border payments'.

We have built a sustainable business that will deliver superior returns for our shareholders, we believe.

Let me discuss the year gone by that will deliver sustainable returns

We had a great FY 2020-21, during which we grew in higher double-digit percentages in terms of processing volume and increased the value of transactions processed from Rs. 85,251 Crores (Approximately, \$12bn) in FY 2019-20 to Rs. 139,405 crore (or close to \$19bn) in FY 2020-21. Overall, our gross revenues went up to Rs 676 crore, a 7% growth YoY.

Our fourth quarter contributed to end the year strongly. We achieved major milestones in our Q4 FY 2020-21 KPIs – Transaction Processing Value (TPV) was worth nearly Rs. 17,000 crore (or \$2.3bn) per month (up 93% YoY), we processed about 0.5 million transactions daily (up 20% YoY), and GeM revenues increased in Q4 FY 2020-21 by 78% YoY.

Based on Q4 FY 2020-21 Transaction Processing Value run-rate we will achieve a TPV of \$28 billion in FY 2021-22 and are targeting to achieve an overall TPV of \$100 billion in the next four-five years as we expand our transaction processing business under Payments and Platforms.

TPV in Payments business increased 55% YoY to approximately Rs. 1,00,780 crores in FY 2021. For a like-to-like comparison, we included the TPV of our subsidiary Go Payments in FY 2019-20 while calculating growth, without which the growth is higher at 64%. Please note, Go Payments financials have been consolidated from May 2021. Average monthly payment processing doubled during the year compared to previous year. We are at an annual run rate of processing Rs 1.2-1.3 lakh crore, or about \$18 billion in payments in FY 2022. This is coming from two major geographical markets – India and UAE. Soon, we will see international markets like the Saudi and a few of the GCC countries and USA adding to this growth. We will add more international markets in the next few years.

Merchant registrations continue to be robust, and our alliance partnerships continue to deepen, opening up more business for us. Our retail contribution continues to dominate in terms of number of merchants on the PG platforms. Education, utility, grocery, Information Technology are among the larger contributors in FY 2020-21. Basically, merchant registrations in FY 2020-21 has been the best we have seen in our history, at nearly 300 new registrations on an average every day in the Payment Gateway business alone, and it seems like we are at the cusp of digital growth from here.

In the bill payments business, through our BillAvenue platform, the average daily volume growth was almost 7x in March 2021 compared to April 2020. Bill payments volume in FY 2020-21 was up 126% YoY to 25 million. We have seen month-on-month growth in volumes in the entire FY 2020-21. Given the run-rate of bills processed in March 2021 we will double the volumes to 50 million in FY 2021-22.

We signed a very prestigious contract with Reliance owned Jio Platforms Limited (“Jio” or “JPL”) and its affiliates, end of September 2020, to, license, customize, maintain and access our enterprise ecommerce software and payments platform for their business use. I am happy to share that the client went live on our platform in March 2021.

We formed a consortium through our subsidiary SoHum Bharat Digital Payments Pvt Ltd (“SoHum”) with Jio, and Jio’s business and financial partners, Google and Facebook, to apply for retail payment license or payment network license from Reserve Bank of India.

We also signed a definitive agreement with one of the world’s top bank, JPMorgan Chase (“JPMC”), for its India business, to offer our flagship payment platform, CCAvenue, for processing transactions of its enterprise clients in India.

In the financial year 2020-21, we announced the launch of two businesses under the payments segment. First is the CCAvenue Payment Gateway Services business or we call it CPGS business. We launched the CPGS services in Oman in September 2020 and tied up with two of the largest banks in Oman, namely Bank Muscat and Bank Dhofar to gain nearly 90% of the market share of processing online cards in Oman. We manage the entire technology from India. The second new business which we announced to enter into was neo banking, credit cards and lending business. For this, we acquired Cardpay Technologies Pvt Ltd in June 2020, based in Bengaluru.

IAL, has a large merchant portfolio, of over 3 million and this entire base are potential customers for offering lending services.

Buoyed by our achievements in 2020-21, we are looking to process close to \$28 billion in FY 2022, and we are already at that run rate based on our Q4 TPV run-rate. We have thus set our vision and target to process a TPV of \$100 billion in the next three to four years.

We look forward to capture a plethora of opportunities in the fintech sector in India and become a global player in this segment.

Thank you very much.

Over to you Shyamal.

➤ **Mr. Shyamal Trivedi, Vice President & Company Secretary:**

Thank You Sir.

Members may please note that the Company had provided the remote e-voting facility to all the persons who were members as on the cut-off date i.e. September 16, 2021 for voting on resolutions set out in the notice of AGM. The remote e-voting was kept open from Monday, September 20, 2021 from 09:00 A.M. to Wednesday, September 22, 2021 till 05:00 P.M. Members who have not cast their votes yet through remote e-voting facility and who are participating in this meeting can cast their vote during this AGM. No voting will be allowed once the AGM is over. All the Statutory Registers and documents referred to in the notice of AGM are available for inspection, members can inspect the same by clicking on the option provided on the Dashboard. As the AGM is being held through video conferencing, the facility for appointment of proxies by the members is not applicable and hence the proxy register is not available for inspection.

Your Company has appointed M/s. SPANJ & Associates, Company Secretaries as the scrutinizer for the purpose of scrutinizing the E-voting process. The E- voting results declared along with the Scrutinizers' Report would be placed on the Company's website, Link Intime's website and the results would also be communicated to the Stock Exchanges.

The Notice of the 11th AGM and the Annual Report, containing Audited Financial Statements (including consolidated financial statements) for the Financial Year ended March 31st, 2021 and Board's and Auditors' Reports, have already been sent by electronic mode to those Members whose e-mail addresses are registered with the Company or Depositories. These documents have also been made available on the Company's website.

I request the members to allow me to take the Notice convening this meeting as read.

The Statutory Auditor's report and the Secretarial Auditor's report do not contain any qualifications/modified opinion or adverse remarks. There being no qualifications, the entire report is not required to be read in this meeting and the Reports are being taken as read.

Since this meeting is being held through Video Conferencing/Other Audio Visual Means and the resolutions mentioned in the Notice convening this meeting have already been put to the vote through "e-voting", and there would be no proposing and seconding of resolutions.

Now we move towards the agenda items as set forth in the Notice of AGM.

In terms of the notice, the following items of businesses are to be considered at this meeting:

ORDINARY BUSINESSES:

1. *Adoption of the financial statements* - The financial statements of the Company, including the consolidated financial statements for the financial year ended on March 31, 2021, including the reports of the Board of Directors and the auditors, have already been provided to the members. **(Ordinary Resolution)**
2. *Declaration of dividend* - The Board has recommended a Final Dividend of Rs. 0.05/- per Equity Share of Re. 1/- each (i.e. 5%) for the Financial Year ended on March 31, 2021. **(Ordinary Resolution)**
3. *Appointment of Mr. Ajit Champaklal Mehta as a Director liable to retire by rotation.* **(Ordinary Resolution)**

SPECIAL BUSINESS:

1. *Adoption of new set of Object Clause [Clause III(B)] of the Memorandum of Association of the Company.* **(Special Resolution)**

Since we have received some questions from Shareholders of the Company, we will now start with the Question-Answer session.

I would request Mr. Vishal Mehta, Managing Director of the Company to kindly address the questions raised by the shareholders.

I would now request Mr. Dipesh Shah to kindly unmute and ask the question.

➤ **Mr. Dipesh Shah:**

Good morning members, so my question is, You recently announced Infibeam Avenues Ltd' s foray into the lending business. How risky and rewarding the lending business is?

➤ **Mr. Vishal Mehta, Managing Director:**

According to what I understood, it is about the lending business, our recent announcement about the lending business and how risky is that for the Company. So, let me answer it by saying that we are not entering the lending business. We are entering into an Artificial Intelligence-driven digital lending business, where we will be providing lending as a feature set to the merchants who are on the platform and not as a specific product. So our AI-driven digital lending business is a feature that will enable other lenders like Banks and NBFCs to lend via our digital offerings.

Our lending application will soon come, and we are already in the process of forming collaboration with lenders. Thus we will have no credit exposure; the credit exposure will be of the lenders only.

So, we have strategically taken a call to do a 'ZERO' risk lending play. I hope I have addressed one part of your question.

Now, related to your second part, how rewarding the lending business is? For this as well, if you deep-dive into our 2020-21 financials, digital lending as a 'feature' has enormous growth potential, for a very underserved country as India.

We already have 3 million-plus merchants (mostly MSME or SME) across our platform, as our first set of targets. And these will increase opportunities which we have with these Merchants.

You know if you look at some of latest reports of the World Bank you'll see that there is about a significant credit gap forecasted for MSMEs in India, which is estimated above \$300 billion-plus.

And even recently, GOI has passed Factoring Law amendments, enabling over 9000 NBFCs to participate in the factoring (bill discounting) market. This a huge potential for us as well, as earlier there were only 7 NBFC allowed to do the bill discounting, and with this amendment, there will be access supply of NBFCs who will be interested in bill discounting.

So we aptly fit into this as a digital lending partner for NBFCs to arrange their bill discounting business via our AI-driven digital lending feature we will continue building out this as a Zero risk as a facilitator.

So I Hope my response satisfies your quest.

➤ **Mr. Dipesh Shah:**

Yes, Thank you.

➤ **Mr. Shyamal Trivedi, Vice President & Company Secretary:**

I would now request Mr. Chintan Shah to kindly unmute and ask the question.

➤ **Mr. Chintan Shah:**

Thank you for giving this opportunity. I would like to ask that how big the digital lending business is expected to be in India?

➤ **Mr. Vishal Mehta, Managing Director:**

Digital lending/loan market is the next big opportunity, and if you have read the recent news, all want to mark their presence in this market which is an approximately \$1 trillion industry.

Recently, even Facebook announced that India would be the first country to roll out its small business loan program offering loans via partners. Even Xiaomi wants to do so. Amazon.com has already made its maiden investment into the country's wealth management as per news.

I presume even Alphabet Inc.'s Google is also doing the same; through its popular Google Pay platform.

So from these events, it's evident that the digital lending market has turned quite attractive, and many companies of repute are jumping into it.

So, I believe that the digital lending business is a very large opportunity and getting further mature. Moreover, there are strong signals that in the next 10 years, the lending business is expected to turn much more significant and brighter.

Let me give you a glimpse of the current lending scenario in India, which is a mix of all online/digital lending and conventional lending.

If you read various reports, High Mark's report on the lending landscape in India, the total lending market size in India is Rs 156 lakh crores as of March 2021. It has registered a 100% growth from FY17 to FY21.

So, the lending opportunity is very conducive in India.

If you take only business loans, the public sector banks and NBFCs dominate Business loans by value. Loan alone has gone up by 17% in originations by value from FY17 to FY20.

MSME loans witnessed 13% growth inspite of Covid pandemic issues and that's about a 33 % growth in volume for MSME;s.

Personal loans grew by factor of 2.3X.

Credit cards witnessed 2.4X growth.

So I think, similar growth was witnessed in microfinance and commercial loans also.

So, we are already having a very robust lending business environment in the country and with our digitalisation of the economy & country's population getting more use to the digital way of transacting, the future of digital lending business looks pretty bright to me, provided Indian economy GDP continue to grow above 5%.

I think overall if you see lending business is a very attractive opportunity given the ecosystem of the Merchants and transactions that we have created.

➤ **Mr. Chintan Shah:**

Great, Great, Thank you so much.

➤ **Mr. Shyamal Trivedi, Vice President & Company Secretary:**

I would now request Mr. Sudhir Parmar to kindly unmute and ask the question.

➤ **Mr. Sudhir Parmar:**

My question is- your Annual Reports FY2020-21 shows that your maximum revenue comes from payments of almost 73% of your total revenue. What is the prospect of the payment industry in India?

➤ **Mr. Vishal Mehta, Managing Director:**

We have to imagine and reimagine the prospect of the payment industry in India. Post pandemic, the industry has turned too fluid, and it is constantly changing evolution, interestingly all the changes that had happened in the recent past will further accelerate the digital payment space in India as well as globally.

We call the Fintech, or the digital payment industry, will need to innovate more dynamically and promote the digital payment landscape. We are already witnessing advancements in block chain technology, cloud-based payments and other payment facilities powered by AI, ML, and IoT through evolution.

Let me share an example in fintech, the payment industry. Recently, the Government of India launched e-RUPI, a cashless and contactless instrument for digital payment. It is a QR code or SMS string-based e-Voucher delivered to the mobile phones of the beneficiaries. The user can redeem the voucher without a card, digital payment app or internet banking access.

This is very clear that how seriously all the stakeholders in the economy are implementing digital payment (fintech) solutions as per their own needs.

Another example: RBI and The Monetary Authority of Singapore announced a project to link their fast payment systems — Unified Payments Interface (UPI) — and PayNow. The linkage is targeted for operationalisation by July 2022. The UPI-PayNow linkage will enable instant, low-cost fund transfer between India & Singapore. It is a Cross Border payment.

The prospect of digital payment can be gauged from this event, where a Union Minister of State for Finance (Mr Pankaj Chaudhary) has to provide a written reply to a question in Lok Sabha, informing that it is the policy of the government to move towards a less-cash economy and a digital payment ecosystem.

Referring to the digital payment ecosystem, it is informed that the total volumes of digital payments have also increased from close to 1500 crores in FY 2017-18 to 3-4X scale larger due to sustained efforts towards digitalisation.

So, the prospect looks very bright and it will be a continuous imagination and re-imagination of the payments landscape in India.

➤ **Mr. Shyamal Trivedi, Vice President & Company Secretary:**

Thank you Sir,

Since there are no further questions, we are concluding this Question-Answer session.

All the items of businesses as per the Notice of this meeting have been taken-up. The resolutions, as set forth in the Notice, shall be deemed to be passed today subject to receipt of requisite number of votes.

On behalf of the Board of Directors and the management of Infibeam Avenues Limited, I sincerely convey my thanks to all the Members for attending and participating in this meeting. Stay healthy and stay safe. Take care. Thank you very much.
