November 14, 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**

Dear Sir / Madam,

Sub: Transcript of Earnings Conference Call for the quarter and half year ended on September 30, 2024

In compliance with 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 half year ended on September 30, 2024 conducted on Tuesday, November 12, 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 Digitally signed by SHYAMAL TRIVEDI Date: 2024.11.14 15:43:08 +05'30'

Shyamal Trivedi
Sr. Vice President & Company Secretary

Encl.: As above

"Infibeam Avenues Limited Q2 FY25 Conference Call"

November 12, 2024

MANAGEMENT:	**MR. VISHAL MEHTA - CHAIRMAN AND MANAGING DIRECTOR, INFIBEAM AVENUES LIMITED** **MR. VISHWAS PATEL - JOINT MANAGING DIRECTOR, INFIBEAM AVENUES LIMITED** **MR. SUNIL BHAGAT - CHIEF FINANCIAL OFFICER, INFIBEAM AVENUES LIMITED**
MODERATOR:	**MR. RAJAT GUPTA – GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to Infibeam Avenues Limited Q2 FY25 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 "*" and 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: Thank you, Sagar. Good evening everyone and welcome to Infibeam Avenues Limited earnings call to discuss the Q2 FY25 Results.

We have on the call with us today Mr. Vishal Mehta – Chairman and Managing Director; Mr. Vishwas Patel – Joint Managing Director and Mr. Sunil Bhagat – Chief Financial Officer.

Also joining us on the call today is Mr. B. Ravi, who's advising Infibeam on Corporate and Financial strategy as an Independent Consultant. We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risk that the company faces.

I now request Mr. Vishal Mehta to take us through the company's "Business Outlook" and "Financial Highlights", subsequent to which we'll open the floor for Q&A. Thank you and over to you, sir.

Vishal Mehta: Thank you, Rajat, and very good afternoon, everyone. Welcome to Infibeam Avenue's Q2 FY25 Earnings Call.

I appreciate you joining us to review our 2nd Quarter and first half performance for the fiscal year 25. This quarter has been transformational for Infibeam Avenues in many ways, as we continue to advance our strategic vision with very strong growth momentum and another robust performance, building on the momentum that we achieved in the first quarter of FY25.

I'm excited to share some updates on our recent acquisition and integration of Rediff. With over 70 million registered Rediff email users, we are transforming their experience by upgrading them to a super app that will now house RediffPay also as its primary payment solution, which will be focused on UPI. The super application that we'll build out will also include a range of other financial products, bringing seamless financial management to millions of users on a trusted platform.

Looking ahead by the end of Q4 FY25, early Q1 26, we plan to launch RediffOne, which is a complete suite of enterprise solutions. RediffOne will provide enterprise ERP solution, enterprise CRM, customer relationship management, as well as HRMS, human resource management systems, along with enterprise grade email services, which provides a comprehensive digital toolkit for businesses to go online and conduct their business. This initiative marks a significant step forward as we build a robust ecosystem of products that empower both individual users as well as enterprises, strengthening Infibeam's position as a leader in digital transformation solutions.

With Rediff's vast user base of 55 million monthly visitors and a registered email base of 70 million users, we are well positioned to accelerate our financial services aggregation, providing products like insurance, as well as connecting users to lenders under a trusted consumer brand, RediffPay. Through the integration of Rediff's digital infrastructure, which includes cloud-based enterprise email, storage, and content services, we are creating a unique digital ecosystem. This move not only expands our digital payment capabilities, but also enhances user engagement and opens up new revenue opportunities through cross-selling of financial products, leveraging advanced data insights, as well as our artificial intelligence framework. This new revenue stream is expected to contribute anywhere between 2% to 4% of our total revenue this year and potentially reaching up to 10% in coming years.

As we build on our current achievements, I'm thrilled to share a few insights into the future direction of our artificial intelligence framework, Phronetic, which reinforces our commitment to innovation as well as solving real-world challenges with cutting edge technology. We are working on a new human computer interface at CI that will bring a revolutionary level of interactivity to video generation while chatting. Imagine a natural immersive human interaction that goes beyond text and voice, using video as a primary mode of engagement. With this advancement, we are setting out to elevate customer support and experience making our platform a go-to solution for premier customer interaction.

This HCI interface will mimic face-to-face communication, creating a richer, more engaging, and more personalized interaction for users. Beyond this, we are also expanding our capabilities and understanding human activities, especially in areas like sports, entertainment, hospitals, and many more, where we are envisioning AI-powered agents. If it's sports, it's going to be coaches and umpires and many others. These applications could fundamentally change the way. We receive feedback opening new doors for precision and performance enhancement. This approach leverages our model in ways that meet a unique demand of several stakeholders in every area. If it's sports, it's going to be athletes, coaches, as well as other sports professionals. And on the third front, we are enhancing what we call agentic capabilities of our models, making them more proficient in handling software tools and even managing desk jobs. This evolution is aimed at making our AI versatile enough to serve in administrative, operational, and support roles where its decision-making and task execution capabilities will drive productivity and streamline workflow.

Our approach in AI is always application first. This means that we are not solely reliant on proprietary models. We have developed a model orchestrator that can integrate with other LLMs also to deliver the best possible application outcomes. This adaptability positions us to continuously discover new use cases for our video AI models, providing full stack deployments tailored to our end users.

To Summarize:

Phronetic AI is not just a technology company. We are building a platform that transforms interactions, powers better decision-making, and addresses challenges across industries. Our innovations in AI business manager, Theia AI and forthcoming HCI advancements are only the beginning. We will continue to lead in creating AI-driven solutions that make a tangible difference.

I'm also excited to share Infibeam's strategic vision as we expand into our data center infrastructure, complementing our artificial intelligence business. This moves aligns with India's digital transformation goals and supports the rapid advancement of AI and data localization. Instead of building very massive multi-gigawatt mega data centers that many large tech companies are pursuing, Infibeam will pursue the strategic decision to focus on developing 1 to 2 megawatt data centers across multiple cities throughout India. The question is why small data centers, you might ask, because they're allowing us to bring our infrastructure closer to end users across the country. Small data centers play a critical role in mobile edge compute as well as visual artificial intelligence as they bring data processing and storage capabilities closer to the end users and on IoT devices.

This proximity is a game changer, particularly for our core digital payments as well as our e-commerce services. By reducing latency, we enhance transaction speed, reliability, and essential factors in delivering a seamless real-time experience for our customer demand. And it's not just about major cities by setting up smaller data centers. Infibeam can cater to growing demand in tier 2, tier 3 cities where digital adoption is expanding rapidly. This approach supports India's push towards a cashless economy and captures the broad diverse demand that's emerging in this region. Our decision to invest forward in a network of smaller data centers rather than a large scale gigawatt facility is a strategic choice that aligns with our priorities of cost efficiency, operational flexibility, localized service delivery, regulatory adaptability, as well as scalability. Small data centers are not only more manageable from an OPEX perspective, but also allow incremental growth.

As demand increases, we can scale up gradually, adding capacity where it's needed, without the significant capital commitment and operational challenges that come along with operating a very large data center. This flexibility allows us to grow sustainability by maintaining control over costs and risks. From a regulatory standpoint, this distributed model also helps us comply with India's data localization laws, which require certain type of data to be stored and processed within the country. Our localized infrastructure supports these regulations further strengthening our role as a trusted partner for our clients. It also aligns with the government's goal of fostering regional data infrastructure, improving data governance, and promoting digital resilience.

Moreover, Infibeam's infrastructure strategy enhances our ability to concentrate on our core offerings, which is digital payments, e-commerce frameworks, and communication frameworks now with the Rediff acquisition. We are positioning ourselves to deliver optimized localized infrastructure that meets both our needs as well as those of our clients without the operational complexity and massive investments associated with large facilities.

Finally, the Indian government has also expressed strong support for decentralized data infrastructure as means of strengthening digital resilience and supporting services across diverse regions. Infibeam's focus on smaller data center aligns perfectly with this national vision positioning us as a valuable partner in India's journey towards a digitally empowered economy.

To summarize, Infibeam's approach of building smaller distributed data centers is a thoughtful forward-looking decision that empowers us to deliver better services, adhere to the regulatory requirements, and scale efficiently. We are excited about this journey and are confident that this strategy will drive significant value for our business, our clients, and our shareholders.

Another key development this quarter is the establishment of Infibeam Avenues Fintech IFSC Private Limited, a wholly-owned subsidiary in GIFT City, within the India's IFSC zone. With an initial capital of one crore, this entity will operate as a payment system provider, expanding our fintech capabilities to target international and cross-border payments. This moves as part of our strategy to provide global scale regulated financial solution. Additionally, we acquired remaining 26% stake in one of our subsidiaries, Infibeam Digital Entertainment, making it a wholly owned subsidiary. This acquisition strengthens our commitment to digital media and live events, allowing us to leverage our fintech expertise in delivering engaging digital experiences.

Now turning our key financial highlights in Q2, I'm pleased to announce that we achieved a net revenue of Rs. 134.3 crores this quarter, an EBITDA of Rs. 85.4 crores and a PAT of Rs. 55 crores. Our take rate also saw significant improvements, reaching 11.3 basis points in Q2 FY25, a 21% increase from Q2 of last year. This reflects our disciplined execution, continuous optimization, and innovative approaches across our payment solutions, showing the strength and dedication of our teams. To reach the FY25 goals, we are accelerating our strategic initiatives and prioritizing international growth. Over the next 2 years, we aim to have international segment contribute to 12% to 15% of net revenue, up from its current single-digit share. For FY25, we are anticipating revenue growth of 25% to 30%, EBITDA growth of 10% to 20%, and a PAT growth of 20% to 35% year over year. Based on our performance so far, I'm confident we can meet these targets.

Our priorities remain focused on delivering profitable growth, leveraging strategic investments like rediff.com and our AI initiatives and optimizing operations to capture the emerging opportunities in digital payments and fintech sector. We believe our strategic roadmap aligns with the market needs and strengthens our ability to create sustained value for our shareholders. Thank you and now I'll hand over the call to Vishwas. Vishwas, over to you.

Vishwas Patel: Thanks, Vishal. And good afternoon to everyone on the call. We are actively shaping Infibeam Avenues for future growth. And our 2nd Quarter exemplifies a commitment to resilience, innovation, and market leadership. The Indian digital payment sector continues to be a powerhouse, expanding at an impressive rate. In 2024, the industry is projected to go to 45% to 50%. And more than 50% of the world's real-time transactions will happen in India. It will accelerate India's shift towards a cashless economy. This favorable macroenvironmental reinforces a strategic position as Infibeam Avenues is poised to capitalize on these opportunities with digital pay.

One of the quarter's highlights was receiving approval for the RBI payment aggregator license. This license not only underscores a regulatory complaint, but also positions us rapidly to scale merchant onboarding. Simultaneously, our international expression through our GIFT City subsidiary enables us to offer cross-border payments, opening new revenue channels in the high global markets. In Q2, we onboarded 0.2 million new merchants, a testament to our commitment to simplify commerce. With an average of nearly 2,150 new merchants joining as daily, our network is expanding across diverse industries and geographies.

Additionally, our net payment stake rate is also increasing to 11.3 basis points, signifying enhancing our profitability this quarter. This quarter, we also announced several strategic collaborations. The CCAvenue SoundBox Max, we were delighted to launch the first of its kind, an all-in-one SoundBox, which accepts not only UPI, but a credit card, debit card, and it enhances payment experiences with the support for dynamic and static UPI QR codes, NFC Tap, EMV dip and PIN. This will be our first physical for deployment in the offline space. LazyPay, we partnered with LazyPay to bring a buy now pay later solutions to the CCAvenue's payment gateway. This collaboration will empower thousands of merchants to offer flexible payment options, enhancing the checkout experience and boosting growth for all Indian businesses.

Loylty Rewardz, our partnership with Loylty Rewardz will enable merchants to offer customer reward points as a payment option. Chalo: We introduced a new feature in the ChaloApp, which is the app which is used on all the BEST buses in Mumbai and 13 other cities. It allows Rupay NCMC recharges directly from the NFC-enabled phones.

TTOD solution, it is one of the world's first where we unveiled India's first PCI MPoC-Certified Tap to your Own Device Solution, now converting retail e-commerce app into secure POS terminals on NFC-enabled phones.

Our partnership with Citibank India. We'll introduce eNach payment options for recurring payments through Citibank India to enable merchants for seamless, direct debit for subscription payments. Karnataka Bank, our alliance with Karnataka Bank will provide their merchants with a white label solution of CCAvenue payment gateway with over 200 plus options and host of features. This Karnataka Bank retail branches will be able to offer payment solutions to local retailers, schools, utilities within their region.

Shopse Digital Finance. We are excited to partner with Shopse. They also offer a buy now pay later payment option from merchant network and that by expanding affordability suite. Apart from this, our BillAvenue, the bill payment platform also saw a record 1.55 crore transactions in 90 days, valued at almost Rs. 5,724 crores. This momentum reflects BillAvenue's relevance in the fast-evolving digital bill payment sector.

Through our ResRevenue, our hospitality-focused solution, which is used by over 3,000 hoteliers, we facilitated over 5,00,000 room nights for our hotel clients in this 90-day period, generating a transaction value exceeding Rs. 315 crores this quarter for our hoteliers. We are advancing product innovation by developing AI-driven revenue management tools to help hotels maximize revenue and streamline operations. This initiative is part of a broader commitment to equip hoteliers with cutting-edge technology.

Now for international:

CCAvenue entered the international, I'm glad to announce that we have done a capital raise in a UAE payment subsidiary. We have successfully raised capital from family offices and investors in UAE. We have achieved a post-money valuation of US $100 million for our UAE payment subsidiary and raised $20 million for expediting growth in that market. We are currently now processing AED 1.5 billion per month across more than 7,000 plus merchants in the United Emirates. We are now also establishing presence in the fast-growing Saudi Arabia market, the largest and the fastest-growing market in the Middle East. We have already invested in the presence there, along with hosting an entire tech stack there as per regulatory requirements in the kingdom.

We have been certified by the Saudi Arabian Monetary Authority as EMSP-PTSP provider and we have tied up with one of the Kingdom's biggest banks, SAB Bank, to be our acquiring bank. We have started onboarding major merchants like VFS, Visa Solutions and Nissan Motors and we plan aggressively to scale our operations in the Kingdom. Our efforts are not just focused on current profitability, they are geared towards future-proofing Infibeam Avenues. By building on the solid foundations, we are well positioned to capture the tremendous potential of India's digital economy. A path to sustainable, profitable growth is clear, and a focus on disciplined financial management that has led us to predictable and sustainable growth in revenue, diversification of revenue streams, and continuing improvements to our bottomline.

Our platforms for years together have been offering a suite of cutting-edge financial tools and payment solutions for businesses across our country and beyond. But going forward, we're now going to expand up our platforms for consumers too across our country. We are on the verge of the most significant milestones in our journey. A transformative move in the digital payment space that we believe will not only redefine how transactions are made, but also set a benchmark for innovation in the industry. As Vishal has already said earlier, RediffPay, our latest venture into the world of digital payments for consumers. It is not just another addition to the digital payment landscape. It represents a bold step into the future of financial transactions and it is designed to meet the rapidly evolving consumer market. RediffPay will not be only offered to the existing loyal Rediff customer base of 70 million users, but will eventually be aimed to be the only financial tool for over a billion Indians. It will not only offer UPI and other tokenized card mechanisms as payment options for consumers to pay with, but it will also offer a plethora of financial products and services like real-time fixed deposit booking, mutual funds, insurance, share trading and for consumers to invest, but it will also give them access to capital for their own personal and business requirements. Fundamentally, it will redefine the way people interact with money. We are setting the stage for a more inclusive connected future where no one else, regardless of their location or technology and infrastructure is left behind.

With that, I will now hand it over to Sunil Bhagat, our Chief Financial Officer, to provide insights into the quarter's financial performance. Sunil Bhai, over to you.

Sunil Bhagat: Thank you, Vishwas sir. Good evening everyone. In the 2nd Quarter of FY25, we made substantial progress in financial performance, driven by disciplined execution and a focus on profitability. For quarter two, our gross revenue increased from Rs. 787 crore in Q2 FY24 to Rs. 1017 crore in Q2 FY25, marking a strong growth trajectory. Notably, our net revenue saw a year-over-year rise of 24%, climbing from Rs. 108 crore to Rs. 134 crore. Our net take-rate exceeded expectations, rising from 9.3 basis points in Q2 FY24 to 11.3 basis points in this quarter reflecting a 21% increase. This improvement contributed to higher net revenue, EBITDA and PAT. Our EBITDA also grew by 26%, reaching to Rs. 85 crore in quarter 2 FY25 from Rs. 68 crore in the quarter 2 FY24, with an EBITDA margin of 64% as a percentage of net revenue. Our profit after tax also reached to Rs. 55 crore, reflecting a year-over-year increase of 43%, underscoring the effectiveness of our profitability initiatives.

As we move forward, we remain focused on achieving profitable growth and delivering value to our stakeholders. With that, I now invite the moderator to open the floor for the question and answer session. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. Our first question comes from Deepesh Sancheti from Mania Finance. Please go ahead.

Deepesh Sancheti: Very excited to hear about your RediffPay. When should we expect the app and are we looking to become a fintech company?

Vishal Mehta: So we are a fintech company.

Deepesh Sancheti: Yes, I mean, similar to the Jio Finances and Paytms?

Vishal Mehta: So RediffPay, if you look at, currently the application has been downloaded by a few million users, which is a Rediffmail app. And what we plan to do is upgrade the app to make it a super app, which will also house RediffPay. And so what we believe in is that communication, much like you do have communication layers like WhatsApp and PhonePay and others. Similarly, RediffPay is a communication framework and payments sitting on top of a communication framework is how we envision the app to look like. And to answer your other question, will it be a full-fledged app? Absolutely, we'll introduce more financial products along with the RediffPay framework, which will sit on top of a communication setup, which has already been downloaded by millions of users.

Deepesh Sancheti: And about your Phronetic AI, it secured a 1 million USD order and annual contracts with hospitals and a UAE gas station. Could you provide clarity on the timeline of revenue recognition from these contracts?

Vishal Mehta: It'll be this year itself. So we've already started monetizing. And so annually, we'll be upwards of million dollars in terms of run rate. We've actually expanded the relationship beyond gas stations to wing bridges and many others. So, Phronetic is being implemented in multiple areas. You see, we started out with visual AI, so it is object identification. We migrated the models to actually understand scenarios, which means that not just identifying the object, but in relation to that object, what are other objects looking like and what are they interacting with? And then activities within the scenario is the third layer of the model. So we've been able to go across the two or three different versions of our framework, which have been deployed. And when I talk to you about HCI and many other agentic behavior, it just means that the model should be able to imitate the agent then. And so I think that's the path that we are going forward with.

Deepesh Sancheti: So what potential do you see in scaling similar AI solutions in sectors like healthcare and energy?

Vishal Mehta: Very large. You see, when we started out, we thought that the vision that we had was Uberization of payments. You go into an Uber, you walk out, there's no scanning of card, there's no QR code, there's nothing that you need to do. It just deducts the money from the wallet. And so I think in the world of AI, we think that Uberization of payments across multiple areas will be the future. And for that, video intelligence, understanding visual AI will become key. And when we started out, we thought, we'll get into that payments that we setup, which is gas stations and others. But we find that the applications are diverse. And as long as the models can be trained for each of these applications, it becomes a very valuable setup. So healthcare, for example, in some ways, critical intensive care units, where it's very hard to monitor clinical patients because there is only one person across the entire facility. Visually and video intelligence can play a very large role. To summarize, it's not just face recognition, it's more of actually understanding the whole activity within that because face recognition may be just an object identification in some ways. So we think that there'll be many applications. We've focused on certain areas more than others at the moment.

Deepesh Sancheti: Okay, now we mentioned that there is a projected revenue growth target for FY25 and about 25% to 30%. What proportion of the capital will be allocated towards AI and international expansions versus your core digital payments and platform development? And what is the return on investment we are targeting for the strategic investments?

Vishal Mehta: For international, we have raised about Rs. 165 – Rs. 167 crores recently to expand our international business. We think international will become 10% to 15% of our revenues in coming quarters. We currently process about one and a half billion dirhams a month in UAE across 7,000 plus clients. We have also started expanding in Saudi, we have received a PSP license in Saudi, and we're expanding into other geographies as well, Oman being one of them. So we think that international is a good opportunity and we'll continue investing in that setup and we've raised capital there. As far as our core business over here is concerned, we think that AI is just not just going to be the software piece of it, but the Edge compute, which is the data center piece that we talked about, where you can containerize data centers closer to the clients and go distribute it in that data center. Connecting into a gigawatt data center eventually will be the strategy and the approach that we'd like to follow. In that, I mean, if you, of course, depends upon a containerized one megawatt data center, typically, in some ways, will the CAPEX of a particular one megawatt containerized center will be anywhere between Rs. 10 and Rs. 20 crores. But this will essentially allow us to get into specifics for a particular client and provide Edge compute to our clients. And that's the approach that we will go after. We typically follow the client. So in general, you'll start seeing ROI much quicker and not have that heavy CAPEX going in in one go and not being able to see monetization through. So I think our investment in India will be primarily in people. So we'll invest in people and in data centers.

Deepesh Sancheti: Great. Coming to this quarter, we noticed that there was an amazing increase in your revenues, but there was also an increase in your other expenses compared to the last quarter. Could you give a breakdown of the key factors which is driving this rise, and are these expenses recurring or one time?

Vishal Mehta: So, we will decide. So, if you can see the other expenses, it is close to 1.5% to 2% of the total revenue. So, the revenue is increased. So, correspondingly the other expenses also increased. Yes, we have some expenses in terms of one time expenses which we have booked in this quarter pertaining to the composite scheme and other things. Other than that, there is a regular expenses that will be incurred. So, there is a one time impact on this time.

Deepesh Sancheti: Sir, can you quantify how much was the onetime expenses?

Vishal Mehta: It is close to 1.5% most probably.

Deepesh Sancheti: So then why this revenue does not come with a great margin? Because I can see the net, I mean the profit before tax and the net profit also not in line with the revenue increase.

Vishal Mehta: Yes, but if you see the last quarter, there was a one-time impact of other income, which was not this time. So that is the impact, there is a decrease in the profit before tax.

Deepesh Sancheti: And given the excellent H1 numbers, do you plan to revisit your guidance for FY25? And what are the primary drivers that would influence this future revenue growth?

Vishal Mehta: We'll continue with our guidance. This of course is an important quarter which is the holiday quarter. We've been tracking well, we think that we are confident in achieving our guidance. And if there are any changes to that, we'll of course communicate the right time.

Deepesh Sancheti: Okay, and any other acquisitions you're looking at?

Vishal Mehta: Nothing as of now, we evaluate opportunities from time to time. And as we evaluate, we would of course communicate to the shareholders when it materializes and should it actually go forward. Historically, we've been slightly conservative. Our internal bias is always to build and not to buy. But when you feel that the right opportunity presents itself with the right kind of people and a great brand and possibility to build out synergies, Yes, that's when we forward invest and we are able to take it forward.

Deepesh Sancheti: Also, like given that we have already de-merged one of our companies, should investors expect another de-merger coming with a Phronetic AI or you want to build it and then maybe scale it up and after that de-merge? Are we looking at that?

Vishal Mehta: Phronetic is like I said, it's a platform that we're building out which will actually help all of our businesses. And there's a lot of synergies between what Phronetic is building out on video intelligence and payments. And we think that we want to build it up. As far as the model and the framework is concerned, we'll continue building it out. As far as getting into edge compute and slightly more in some ways command centers which are closer to the clients. Because many a times clients would prefer that they would want to have their own infra and their own edge. And that business will also keep on building out, but we'll evaluate as we go along.

Moderator: Thank you. The next question comes from Grishma Shah from Envision Capital. Please go ahead.

Grishma Shah: I'm keen to understand the business model around the tie up with LazyPay?

Vishwas Patel: Just to clarify, this is regarding the IFSC subsidiary company you asked?

Grishma Shah: Yes sir.

Vishwas Patel: Okay, so the IFSC within the GIFT City zone, since we already have significant presence there, on legal terms it's a separate country on its own, right? So a lot of Indian businesses and insurance companies and everything who are aiming for the international audience, namely NRIs, have put set up base there, but as a RBI license payment aggregator, we cannot acquire the merchants based out of the IFSC zone, right? So one part of the business was there was an immediate base that we already have with our presence. So we may be among the first to get a payment aggregator license in IFSC to support all those processing transactions for all the merchant base that are there for all the banks, financial institutions, and lots of other service providers that is there. Second part is also there's a cross border thing that we can do very easily from GIFT City. So there are certain models which I cannot dwell in right now, but it is enable to tie up with international gateways and get good local rates out there and offer it to merchants here. So the GIFT City, the IFSC subsidiary, where it enables us to do 1001 this kind of businesses. That's why we have incorporated this company and applied for the license at IFSC.

Grishma Shah: No, but I want to understand the BNPL tie-up, sir?

Vishwas Patel: BNPL tie-up with the different service providers. So as I said, in the CCAvenue payment gateway, our mindset is that of us to give the maximum number of payment options so that our merchants can offer it to their consumers to consume transactions. So when we have credit cards, when we have debit cards, and we have all these dozens plus wallets, and when we have more than 100 net banking options that we can trade through their bank account, then we have standing in sections and other things. So BNPL, also there are a couple of providers who are quite active in the market. So say, if MakeMyTrip is our merchant and he wants to offer say if there is a LazyPay merchant customer who has this thing and wants to pay for a MakeMyTrip ticket. If you enable LazyPay as a payment option for MakeMyTrip on CCAvenue, that means there is more conversion, more transactions. So it gives us those BNPL customers onto this. So for us, as many options that we can offer so that our merchants can further offer to their customers to close their sales, it's better. Hence the BNPL tie-ups with all providers.

Grishma Shah: We will earn a transaction revenue?

Vishwas Patel: Yes. So on every transaction that flows through the system, we earn revenue out of it. A percentage based revenue comes across to the company. So that's the whole idea to increase the payment option base.

Grishma Shah: And is the government still using our Agri platform or now they have transitioned to the new platform?

Vishwas Patel: There is no Agri platform. As a payment gateway, we are enabled on lots of government websites. We never built a dedicated Agri platform for the government. We do add the GeM platform, but not Agri platform.

Vishal Mehta: Yes, GeM platform is still being utilized by the government. But like we'd mentioned earlier, we don't report revenues from that because we are in discussions and in some arbitration with them.

Grishma Shah: Okay, so still no conclusion on that?

Vishal Mehta: Not so far.

Moderator: Thank you. The next question comes from Veer Vadera from Niveshaay. Please go ahead.

Veer Vadera: Could you elaborate on specific initiatives aimed at attracting larger high-value merchants? And how has our pricing strategy evolved to cater to these clients, particularly in light of our increasing stock rate in markets like India and Dubai?

Vishal Mehta: See, look, I think Vishwas will add to what I have to say, but we have gone after a lot of merchant base. We add about 2,000 odd merchants every day on the platform. So the take rates usually come from larger base of merchants and not from selected few. If you look at the top 3 or 5 sites in India, you may see CCAvenue on a few payment options, one or two, but not all. So we normally go after merchants where we have better take rates. So take rates is a function of going wider across merchants, one. And second is that the base has to be larger. And then we also have a few merchants that provide us volume, which potentially allows us to get better rates. And so I think it's a combination of that. And as far as our take rates are concerned, we have optimized the take rates quite a bit. While majority of the other providers, they think of payment gateway take rates as actually just a means to get more volume and sell other services. We have said it's not either or, it's the end. We have to make money in payment gateway framework as well as in other services that we provide on top of it. As far as international clients are concerned, Yes, there will be certain clients specifically that we want to go after. That is where we find that so for example, like a very large geography like UAE, we have 7,000 odd merchants. Now in India, we had 2,000 merchants every day, but all of UAE, we have 7,000 merchants. So the geography is not very large from that perspective, but we also feel that going into offline payments, along with online payments, which is tap pay devices, the other SoundBox that Vishwas talked about, that should be a strategy which will adapt both in India and internationally. And that is something that is not accounting for our revenues, but the moment we get into boss devices, the cost of devices have come down significantly. And as the cost of devices comes down, if we had purchased and implemented the device a year ago, it would have been, it's Moore's law. It keeps on, you get more processing power, you have reduced cost of hardware. So now I think we have reached a point where we believe the cost of hardware is not going to have a major impact because it's come down significantly. If you recollect, earlier it was in five digit numbers, now it's actually low four digits, or in some cases even three digits. So I think that's where we find that there's an opportunity that we'll tap into, which also helps us in increasing our volumes and improving take rates.

Veer Vadera: Okay, and given Rediff's diverse services such as cloud-based email and content distribution, what operational or technical challenges have arisen during integration? And are there additional investment required to optimize Rediff platform for Infibeam business model?

Vishal Mehta: The second question is simple to answer. Yes, of course there is additional investment and we have invested in the company and the company will invest in infrastructure people and certain specific areas that potentially allow the brand to get recognized. So that position, because it's a consumer facing model, like Vishwas said, this is the first time we are getting into consumer payments framework and that makes it more interesting. So I think while our business, RediffOne, which is the business suite, will focus on B2B and Infibeam will focus on B2B, but the RediffPay version of it, which is the financial products and other services in RediffPay, they will be on the consumer side as well. So we're getting into that space. And so that's one. Second is that integration challenges, we don't typically talk about integration challenges. Like any other acquisition, you would of course have challenges that you would want to overcome as we build up. But like I said, I think that we'll continue evaluating what areas of technology, what areas of business do we need to optimize and we'll forward invest and keep on building up on that.

Veer Vadera: And as our international business, especially in region like UAE and Saudi Arabia continues to expand, could you share insights into the profitability of these markets? Also, are there particular regions or product lines that are delivering stronger performance and contributing more significantly to revenue growth?

Vishal Mehta: Look, the take rates in international are much better than take rates in India. If you recollect last year, we were in single digit bps. Now we're in two digit bps. Whereas take rates internationally is as high as 18 to 20 basis points. So I think there's better take rates internationally compared to India. But international does not have UPI and real time settlements as much as in some ways in India it does. And so what we need to do is we need to increase the number of merchants in the international business. And that will come through, like I said, offline acquisition, QR code based acquisition, online build out, and getting our brand across and then offering more products and services to the same merchant base. So I would not be surprised when we talk about Rediff Fund, which actually has things like ERP, HRMS, and CRM frameworks along with enterprise emails, we can also offer that to the merchant base who are using payments. We see a lot of cross-selling opportunities, but we can't forward communicate what we plan to do because we still have to see the adoption of it and the rollout of it. And as and when it becomes possible, and when we feel that the product maturity has reached that level, we'll update you on the same.

Moderator: Thank you. The next question comes from Pranav Mashruwala from Dolat Capital. Please go ahead.

Pranav Mashruwala: One on the net take rates. So your take rate has improved to 11.3 bps, but our credit card mix and contribution from other sources, debit card and net banking has fallen. So what leads to improvement in take rates?

Vishal Mehta: So you're talking about the slide which is slide 12?

Pranav Mashruwala: Yes.

Vishal Mehta: Where credit card is 44% in Q2 of FY25?

Pranav Mashruwala: Right.

Vishal Mehta: And Q1 was 46%. And so the question is again, so the total, of course volume has increased in terms of the total transaction processing volumes. And so across different payment options, we've got different take rates. And then we also are able to settle faster with the merchant in many cases, which helps us in terms of the overall margins. So if you look at quarter over quarter, it's likely improved. It's 11.2 basis points to 11.3 basis points.

Pranav Mashruwala: And sir, on our platform businesses, what's the contribution from Rediff this quarter?

Vishal Mehta: There is no contribution from Rediff in Q2. Rediff will start consolidating from 1st of October, Q3.

Pranav Mashruwala: From 1st of October. So, maybe just a rough breakup of what constitutes our current platform revenue as Phronetic AI executes contributions?

Vishal Mehta: Yes, so it's basically our frameworks which we give to large companies. We've of course talked about Jio being one of our clients, Saudi Telecom being another one of our clients. We've got 5 or 7 important clients that potentially give us that revenue. Phronetic AI is now adding up to that revenue, but again, it's in the buildup phase. So we've signed contracts and fortunately, Phronetic will contribute to over a million dollars this year. So we believe that we will start seeing a larger impact from Phronetic and other frameworks next year, not this year.

Pranav Mashruwala: Okay, and just asking the data center business, any timeline as to when that revenue will start going in and that business starts be cash flow positive?

Vishal Mehta: Yes, I think data centers tied quite a bit with what we're deploying for Phronetic. And so we think it should be as soon as next year in 26. So we'll start building it up. We already have a data center today, which is active which is in GIFT City, but we'll start opening up in other cities. So you can start seeing the revenues from data center in FY26.

Moderator: Thank you. The next question comes from Nishant Gupta from Minerva Global Capital. Please go ahead.

Nishant Gupta: My question is just an extension of the data of Interpoint which you were talking about. So what could be the quantum of CAPEX that you would require to set up the small data center and what is expected in the sales, etc. which you can generate from that?

Vishal Mehta: Basically, these are containerized data centers, which means that we are not talking about gigawatts. We are talking about megawatts. So rather than opening up, there's always economies of scale. And most companies and larger companies, they'll invest in gigawatts. But we believe that in order to cover the length and breadth and be able to provide edge compute, we would need to set up smaller data centers. So the CAPEX will be, like I said, about Rs. 10 or Rs. 20 crores per location. And this includes all physical container, power equipment, cooling solutions, fire systems, and all the basic networking. And we think that we already have use cases. So we ourselves will be client to that data center for our infra, and then we'll open it up to others as well to utilize it. So we believe that it should be, while there is CAPEX involved, but it should be accretive. You're looking at an ROI within 12 to 18 months.

Moderator: Thank you. The next question comes from Anil Katyal, an individual investor. Please go ahead.

Anil Katyal: Good evening, thanks for the guidance and posting good results. I just wanted to know when this Autigma is going to list?

Vishal Mehta: So as far as the process is concerned, I think that we've given an update on slide #4. So in other words, we believe that NCLT has approved the composite scheme of arrangement. Shares have been allocated to the respective shareholders and the company has filed an application with the exchanges for the approval of listing and trading. And the same is under consideration, so we expect to hear any time from them.

Moderator: Thank you. The next question comes from Pramod, an individual investor. Please go ahead.

Pramod: So my question on the share performance of the company. Many developments like new business expansion is happening with the company, and revenue is increasing every year. But share price performance is stagnant since many quarters, with consistent selling coming from insiders. So can you please explain why Infibeam is not attracting institutional investors like D2s as their contribution in the shareholding is very negligible. How do you think investors' confidence can be improved going forward?

Vishal Mehta: See, our internal thesis is always to focus on the business, and that's what we've been doing for the past several quarters and years, if you come to think of it. We believe that we will deserve the investors through execution and not optics. And so as long as we keep on focusing on execution at the right times things should show up. That's one. Second is as we expand and as we build out the company, we believe that we need to work with what you mentioned, institutions to be able to allow them to understand the company better. I think fortunately with more companies getting listed in the digital payment space with Paytm also getting listed recently. While people and shareholders are still understanding what payment ecosystem holds and what it means, we actually work in the same ecosystem. And what we need to do is, we need to actually communicate the differentiation of what we are compared to what others are providing. So rather than getting into a cash burn cycle, we've always looked at profitable growth. And we believe that that should continue driving and guiding us as we build it out going forward. But to answer your question, we believe that as we keep on executing and if we continue doing what we are doing and giving guidance and meeting expectations, hopefully that builds our trust and that'll attract the right investors into us. I will just add to that, the communication line with the investors, with the analysts and all have been increasing have been done well and therefore I believe that it will be only a matter of time by which the communication and the company's growth potential everything is recognized by the market and it's all up to the rest of the investors as well as the people who are there in this space investing in space for them to really recognize the potential of the company and I'm sure that should happen sooner than later.

Moderator: Thank you. The next question comes from Basant Bansal, an individual investor. Please go ahead.

Basant Bansal: I just have one observation that operating expenses in this quarter has increased by 3% to 4% year-on-year and quarter-on-quarter. So can you elaborate on this?

Sunil Bhagat: So operating expenses incurred as compared to the increase in the revenue from operations. So it is linked with the revenue from operations. If you can see the net revenue, the net revenue is increased.

Basant Bansal: No, my point is that if I see operating expenses as a percentage to your revenue, in this quarter, it is around 90%. Whereas in the previous quarter and last year same quarter it was around 86% to 87%, so there is an increase of around 3% to 4%.

Sunil Bhagat: Yes, so the increases might be on account of the increase in the options that the payment…

Vishal Mehta: There's some impact of payment mix and then there's also some impact in terms of the people that are required, operating expenses have gone up. We have forward invested in certain areas. And so for example, Phronetic being just one of them, where we've invested in artificial intelligence and certain other options. So if you think of it in terms of the overall, it's essentially the card mix as well as forward investing in certain areas.

Sunil Bhagat: I see that maybe we can do the detailing offline.

Basant Bansal: Will it be investing going forward or it was just a one-off kind of thing?

Vishal Mehta: No, we'll keep on investing. It won't be one-off. Wherever we find that the opportunity is right, we'll forward invest for growth. And just so that all these investments and expenses, they are front-loaded, which means that you'll have to make those investments upfront and then you start reaping the rewards. And in places where we find that we can match and take a reduced risk, we'll do that. But in most cases, when we build out frameworks like AI and Visual AI and many others, you will have to front load the cost. And those costs will actually be necessary for our future growth. So we'll continue investing and making those choices. So to answer your question, it won't be one off. We'll continue investing every quarter in these futuristic tech frameworks.

Basant Bansal: And if benefits of those expenses are going to approve over the period of say 4 to 5 years, then can we amortize it over that period instead of charging at one time?

Vishal Mehta: We normally charge to revenue. That's been our internal philosophy. So we'll charge to revenue and so like I said, we'll expense them out.

Basant Bansal: No, that is true. I know that it is your philosophy, but you can also explore to amortize it over the period of certain period to which the benefit will accrue.

Vishal Mehta: Yes, so we'll follow the accounting standards and we'll do the right thing as per the audit standards.

Sunil Bhagat: We can examine if that is possible, but we'll go ahead on a conservative basis as of now.

Moderator: Thank you. Ladies and gentlemen, that was the last question of the day. I now hand the conference over to the management for closing comments.

Vishal Mehta: Thank you all for joining our 2nd Quarter half-year earnings call and we look forward to keeping you updated on the new and exciting developments in the company. Thank you.

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