"Infibeam Incorporation Limited
Q4 FY2018 Earnings Conference Call"

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ANALYST: MR. DHAVAN SHAH – RESEARCH ANALYST - KR CHOKSEY SHARE AND SECURITIES PRIVATE LIMITED

MANAGEMENT: MR. VISHAL MEHTA – MANAGING DIRECTOR – INFIBEAM INCORPORATION LIMITED
MR. HIREN PADHYA – CHIEF FINANCIAL OFFICER – INFIBEAM INCORPORATION LIMITED
MR. VISHWAS PATEL – CHIEF EXECUTIVE OFFICER & FOUNDER OF AVENUES INDIA

Moderator:

Ladies and gentlemen good day and welcome to the Infibeam Incorporation Limited earnings conference call for the Q4 of FY2018, hosted by KR Choksey Shares and Securities Private Limited. 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. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and certainties that are difficult to predict. I now hand the conference over to Mr. Dhavan Shah, Research Analyst from KR Choksey Shares and Securities Private Limited. Thank you and over to you Sir!

Dhavan Shah:

Thank you. Good evening everyone. On behalf of KR Choksey Shares and Securities Private Limited, we welcome you all to the Q4 FY2018 earnings conference call of Infibeam Incorporation Limited. I take this opportunity to welcome the management of Infibeam Incorporation Limited represented by Mr. Vishal Mehta, Managing Director and Mr. Hiren Padhya, Chief Financial Officer of the company. We also have on the call Mr. Vishwas Patel, who is the CEO & Founder of Avenues India.

We will now begin the call with the brief overview of the company by the management followed by the question and answer session. I now hand over the floor to Mr. Vishal Mehta for his opening remarks. Over to you Sir!

Vishal Mehta:

Thank you very much. Good evening to everybody. On behalf of the management of Infibeam, welcome to our Fourth Quarter and Fiscal Year FY2018 Earnings Call.

On May 30, our Board of Directors has adopted the results for the fourth quarter and the full year. The results have been uploaded, along with the press release and earnings presentation, on the stock exchanges and also on the website. I trust you had a chance to go through the same.

I would like to first discuss the evolution of Infibeam, especially in the last few years, which has shaped us, before we get into the business and the financials and updates regarding the same.

With me, I have got Hiren Padhya and Vishwas Patel. Hiren is our CFO. He will walk you through the financials as we go through the presentation. And Vishwas will walk you through the strategic growth opportunities. Vishwas is the Founder, CEO of payments business as well as a Director of Infibeam Incorporation Limited.

I am now going to Slide #5, which is around Infibeam Web Services. Before I discuss web services: We are very happy to announce that we have proposed a name change of the company from Infibeam Incorporation Limited to Infibeam Avenues Limited, giving due recognition to our payments business as well.

Our transaction platform, as a vocabulary, we call it Infibeam Web Services or IWS, which includes most of the services that we provide to merchants.

If you go to Slide 6, and refer to the blocks, I would walk you through most of the services that we provide to merchants. On the left-hand side: We provide a platform which we call BuildaBazaar, which is a web ERP as well as a store builder solution for large as well as small clients. That is the business that we started out with, whereby we provided these platforms to merchants and brands to be able to sell their products and services online. Over time, in the last two years, we have evolved the platform to making it more transaction-based framework. Each of these services are offered on the cloud. In other words, they are neutral, stateless services that can be offered to a single merchant or a consolidated bunch of merchants.

CCAvenue is our flagship digital payment gateway service. It also includes BillAvenue, which allows us to take on utility payments along with merchant digital payments. We have opened up the platform and the framework to the government for their flagship program called Government e-Marketplace, which Vishwas will cover during the strategic growth part of this presentation. Unicommerce, which is our recent acquisition, we have been very fortunate to be able to complete the entire offering to merchants by taking control over Unicommerce, which is a warehouse management system or warehouse management solutions which is offered in the cloud.

Just to give you some overview of our services portfolio. We are able to provide a digital payment gateway to merchants whereby merchants can accept payments across 240 different payment options in India through debit card, credit cards, net banking, wallets, etc. We are able to provide a complete web and a mobile front whereby they can display their products and services and sell to consumers online. That includes a web ERP solution that manages money flow, process flow, everything to do with order flows. Unicommerce completes the entire offering by providing warehouse management solutions. And by warehouse management solutions, we mean inbounding the product into your warehouse; storing the product; picking the product so that when the order comes in you would want to ship it; packing the product; as well as invoicing the product before you hand it over to logistics. And we will cover in greater depth what Unicommerce adds in terms of the capability. The other part that the Unicommerce as a system helps us is in opening up multichannel, which we will talk about.

Overall, we are working towards offering more services to merchants to broaden our merchant base and to increase the revenue that we can generate per merchant.

I will now move to Slide 7. This slide is a very important slide that reflects the strength of Infibeam today.

Our full year revenue nearly doubled. It grew 90% year-over-year. We are very confident that, by FY2019, we would have crossed our revenue of Rs.1000 Crores a year, which is a significant milestone for us. Our full year EBITDA margins improved to 22%. This was due to the kind of scale that we generate as part of our offering. We posted highest-ever PAT of Rs. 88.1 Crores, which is almost double from prior year. It largely comes from the higher transaction value and the volumes that gets generated through Infibeam Web Services.

As you are aware, Infibeam Web Services, as it scales, can generate better profitability, and the marginal costs versus the revenue-generating opportunities have a nonlinear function. And as a result, you will notice that as our payments business scale from a Rs.12000 Crores net processing volume in FY 2017 to a Rs.21550 Crores FY2018 number, they were able to handle it without actually having large increases in our cost. Some of our growth strategies have also allowed Infibeam to record very strong revenues and profitability. For example, we focus on bringing on some very established marquee brands and business online. It helps us in quickly generating better revenues and returns. For example, in the last year, we were able to bring Amul, which is the largest dairy; Adani Wilmar, which is one of the largest FMCG companies; Government e-Marketplace, which is related to government procurement; Taj hotels; the Oberoi hotels; Vistara; Indigo. And the name continues on.

We are focused on offering an integrated platform to merchants to increase our revenue per merchant and also to acquire more customers. You will appreciate that as we offer our platform to merchants, due to our integrated and wide platform offerings, that we have started talking about the total number of merchants on Infibeam Web Services. We have more than 400000 merchants using Infibeam Web Services. These are registered and active with us in the trailing 12 months. This count of merchants who are using Infibeam Web Services is perhaps larger than any other e-commerce company in India. We have also transitioned now to a very transaction-based pricing model from a subscription-based pricing model. Due to the nature of our business, more the transactions, more is our growth. And the profitability increases due to operating leverage due to the Software as a Service business model which is enabled by using our technology. Moreover, we are also scaling our platform business across industry verticals, which allow us to broaden the merchant deals as well as broader customers in different segments. We will be able to offer an integrated offering to merchants across all these verticals to increase market share across-the-board.

I am now moving to Slide 8, we have better experience in building up this leadership in e-commerce.

As you can see, we have built our platform to handle scale as we also start offering integrated platforms in international market as well. While there are a lot of numbers and verbiage, I would like to capture that the total number of merchants will be a very important reason for us to cross-sell different kinds of services to the same merchant base. We are fortunate to report Rs.21550 Crores of transactions, about 100 million-plus transactions processed successfully on the platform. We are able to provide a lot of other services to the same merchants. On the right-hand side, you have WMS and omnichannel leadership of Unicommerce that talks about how many packages go through the warehouse management services offered by Unicommerce. We have 120 million packages getting delivered, more than 10000 sellers on the platform and $1.5 billion of GMV being processed through the WMS systems.

In summary, we have a very, very differentiated business model, one that allows us to provide an entire offering of Software as a Service framework to any merchant or brand who wants to go online. And each of the services can be provided as a separate service as well as an entire offering. That allows us to capture more and more of the merchant's wallet, and it also allows us to build up more additional services to be able to provide to merchants.

On Slide 9, I would like to cover the profitability and the growth metrics. Thanks to the scalability of our Infibeam web service platform as well as the focus on our profitability, that we have been able to achieve scale and better operating leverage.

Our revenues nearly doubled to last year. EBITDA and PAT have also increased multifold over the years, and our margins are consistently improving year-over-year. Just as a reminder, last year, we've merged CCAvenue, which is Avenues India Limited, as part of our merger. And as a result, the entire purchase price allocation as well as all the expenses of the merger have been recorded and fully accounted for in our financials.

We recorded a profit before tax of over Rs.115 Crores as well as a PAT of over Rs.88 Crores. So as our revenues have scaled, so have our EBITDA and profits, reflecting our operating leverage and scale.

Our Services segment is something that we are very excited about, which has been the focus for the past several years. The web services business, as we categorize in our vocabulary, has grown 239% year-over-year. It has migrated from being a subscription-based framework to a completely transaction driven framework. The Services segment, has grown at faster rate given the different kind of services that we continue offering to merchants. We have more than 8 million-plus users using our checkout services with cards on file.

Moving on to Slide 11: our product segment is the one which we think we will have to work upon to be able to achieve scale on. If you look at year-over-year, you see incremental change to the products segment. This is the business where we offer products as an opportunity for customers to come and purchase. So products revenue is reported as GMV, which is the gross merchandising value.

You see in the ecosystem, as more and more e-commerce marketplaces subsidize; and achieve scale by offering it at a very exciting price to customers, with the hope that there could be a potential profit in the future, Infibeam has always taken the view of making sure that we work on the per-unit economics and create profitability. In other words, whenever we have a per-unit economics which is negative and you scale it up that you would have a much larger loss; we have taken a conscious view of growing it more organically and in a profitable fashion. While we have a lot of opportunities to focus on in this area, our strategy is to focus on what we call the product tail. And I will take a minute to explain what that product tail is: You see, whenever you have a merchant or a brand selling products, a brand typically has a set of skews that account for majority of their revenues. There is in many cases an 80-20 rule. In other words, 20% of the unique products will make up 80% of the revenue, but the remainder 80% of the unique skews will also have a value for a brand. And traditionally the distribution channels do not carry these 80% of the unique products because the velocity of the sell-through is very low. This is the real problem that the industry faces; and we would like to provide more and more services, fulfillment services, logistics services to be able to capture the pie. Whenever that happens, the margins on those products which have lower velocity are always better. And hence, we are able to generate higher profitability out of such products.

With the introduction of GST and with the earlier VAT regime, some of the arbitrage is gone that we believe it becomes a very, very interesting opportunity for us to focus upon. In the past two, three years, we have not made significant progress in that, but we have made progress on the per-unit economics and making sure that we drive this business profitably. We will continue to do so. And we will want to make sure that whenever we find very interesting and exciting opportunities, that we will be sharing it with you all.

I want to move to Slide 12, which is about Infibeam Web Services and how it compares to the universe of how e-commerce is growing in India. You see every part of the ecosystem that we are building up while it is an expense for most of the e-commerce companies, when you think of payment gateway it is an expense for most e-commerce companies, similarly, when we think about web and mobile frameworks, when we think about web ERP solutions, when we think of warehouse management solutions, when we think of logistics solutions, it is an expense for any company that wants to get into e-commerce. For Infibeam, it's a revenue opportunity. And we have been able to successfully grow this given that we have been able to build it out as a utility to convert our expense into revenues. So, when we offer it not just to one but many, then it becomes a service, and that service allows us to keep on generating more and more accruals out of merchants.

I am very happy to report for the first time that we processed payments of approximately Rs.21550 Crores in value, generating the kind of profitability that we did. We are also equally excited about two opportunities that we launched in the later part of the year last year, which we believe are highly scalable, one that allows us to continue to expand our offerings. One is the Government e-Marketplace. Government e-Marketplace is an opportunity where central government procurement happens online. So instead of going through the traditional offline mode, the merchants can come sign up on GeM. And we are able to provide products and services to central government departments and organizations. If you go to the website called gem.gov.in, that there are some realtime stats that we have provided. As of May 30, there are more than 100,000 unique sellers that have signed up on GeM. There are more than Rs. 8000 Crores of transactions that have been enabled on the system. There are close to about 0.5 million orders that have been punched in through the marketplace. The reason is, while less than 5% of the demand has still gone online, the opportunity to get to a much larger number is very exciting for the company.

As a reminder, we get a transaction cut out of each of these at a processing value level, so the company earns on every transaction.

Bharat BillPay is the next opportunity that we launched in the later part of last year. As far as the payments are concerned and platforms were concerned, we were only focused on goods and services. We realized that, utility payments, which is aqua tax, municipal tax, water tax, including electricity, gas, many of them, there are Crores of bills that get generated everyday, as per stats reported by the government. If we are able to offer that as a service, then it becomes a significant opportunity for us to generate revenue. We are very fortunate to be 1 of the 9 companies, non-banking companies that got a license from RBI to be able to offer such services. We have operationalized it, and as of today, there are more than close to 0.25 million agents already live on the system, while the registered base is much larger.

I am now going to Slide 13. Slide 13 talks about our growth drivers. We are of the opinion that the industry dynamics are improving; and that e-commerce is at the cusp of a very, very strong growth going forward due to a variety of factors, some of which of course are highlighted over here on the slide. We believe that whatever service that we are building up, digital does not have boundaries, as you see, whenever you have a merchant who is coming onto you or a brand utilizing your framework, the domain has presence across multiple markets. And we believe that apart from providing services to such merchants in the country, we can also expand with them and provide them the same or similar services in other regions. There has been a rising interest from the community that we cater to, to be able to use our services in other markets. Hence, we believe it is just the beginning of an emergence of a very new era for our company, one that allows us to cater to merchants across geographies.

I will now hand over the call to Vishwas Patel, who will now walk you through the strategic growth drivers of the company.

Vishwas, over to you!

Vishwas Patel:

Thank you Vishal.

Okay, Vishwas here.

If you go on to Slide #15, what I want to highlight on Slide #15 is that, because of our integrated offering, we are able to add high number of merchants on our platform. So currently the number of merchants on our platform is over 94,000. However, the number of merchants using any of our IWS platform, be it a SaaS stores or a CCAvenue payment merchants or the GeM sellers or the BillAvenue agents or .OOO domain users are over 400,000. So the opportunity for us going ahead to earn higher wallet share from our merchants by offering one or more of this IWS platform is significant. At the same time, we anticipate that our IWS platform users can also keep increasing beyond 400,000.

Slide #16 speaks of our acquiring of Unicommerce and how it will provide value to our merchants. So Vishal has already mentioned earlier on the call a bit about Unicommerce strengths and why it makes sense for us, but in this slide I have highlighted the value proposition and the advantages Infibeam has on buying Unicommerce and the philosophy of the management of the Unicommerce. So you're already aware we bought Unicommerce in an all-stock deal from Snapdeal's parent Jasper Infotech. So Infibeam will be issuing optionally convertible debentures on preferential basis to Jasper Infotech to the value of around Rs.120 Crores or Rs.1200 million. This deal, we expect it to close in the next three to five months.

We think that Unicommerce will actually lead our growth and we will be able to offer the most sought-after service in retail industry, an order and inventory management tool and warehouse management system for merchants selling to various marketplaces online as well as offline; and having multiple places to operate be it online or offline. So while Unicommerce will be able to show all these for a single window, and it will seamlessly work or integrate with the seller companies' existing ERP systems. So together with this, we can plug the payment gateway for the merchant, that is providing one more layer of transaction platform and increase revenue per merchants. So we have the opportunity to offer Unicommerce to all the sellers on GeM, who will be selling on the Government e-Marketplace platform. And it comes integrated with all the logistic providers which can assist these GeM sellers to manage their delivery as well. And since Unicommerce has presence in international markets, we can expand our IWS platform in the lucrative international market as well. As we already informed, earlier Wadi in UAE has already started; it is a very known marketplace there.

The best part of the deal is that management shares the same philosophy as Infibeam, so that is focused on profitability.

With this, **I would like to take you on the Slide #17** that speaks about Unicommerce numbers. So if you see, Unicommerce is growing at a 25% CAGR. The spike in FY2017 is due to onetime revenue of customization for Snapdeal. Unicommerce has double-digit EBITDA margins and is PAT positive. So the reason for its growth and profitability can be attributed to the marquee customers that it serves for whom it manages over 100 million packages annually. And the pricing model is based on transactions of packages delivered, so it is not a subscription based, it is per package delivered, so the more the package, the more profitability. Also, it has integrated with over 100-plus ERPs, making it one of the most preferred omnichannel platform for merchants.

If you see on the right. Some of the clients already using it are Lenskart, Myntra, Jabong, Cantabil, Clarks, Lacoste, Wadi from the Middle East, et cetera. Basically we believe that Unicommerce is already is a very strong e-solutions player with a profitable track record. It provides immense opportunity to Infibeam to scale, and can help Infibeam create largest e-commerce enablement ecosystem for businesses along with the other IWS platforms.

I also now would like to take you to Slide #18, which is about CCAvenue. So CCAvenue is a leading payment gateway in India which has a comprehensive payment options and multilingual skills. It can process payments in 27 international currencies, including all the top currencies; perform analytics; and also has fraud detection systems built into the payment platform, amongst others. It is among the oldest fintech in India and has the largest number of marquee clients and a profitable track record for the last 18 years since we began operations here in 2000-2001. We are India's first third-party neutral payment gateway.

I am also a Co-chairman also of Payment Council of India, I have immense experience and working on all the issues that the payment industry is facing. So, most of the top merchants in the country use CCAvenue payment gateway. Now we also have presence in international markets.

Over the last few years, CCAvenue has grown at a CAGR of nearly 50%. So this year also, we have posted annual revenue, backed by a strong payment processing, of Rs.216 billion. So payments processed during FY2018 increased by almost 75% year-on-year. And payments processed in Q4 were over Rs.7000 Crores or Rs.70 billion, a quarterly record for CCAvenue. CCAvenue also did almost 1 billion every day in the last 45 days of Q4, so we are already on a Rs.100 Crores a day benchmark. We are also seeing a similar momentum in FY2019. If this momentum continues, CCAvenue will process in excess of Rs.36000 Crores or Rs.360 billion in FY2019, if we maintain the same payment process growth rate.

We have also acquired Vavian to expand the payment platform in the Middle East region. If you are aware, Middle East has also seen the increase in the use of digital modes of payment. Similar to India, it has a large cash-based economy and offers a great potential with relatively higher spending per person. So overall we see digital payment in emerging markets like Middle East, North Africa, Eastern Europe as a big potential for Infibeam to scale in this market and also for our integrated multiple platforms that we have.

Some of the new clients we have added are, I think Vishal has already mentioned, are Taj Group of Hotels, Oberoi, Airtel, Reliance Jio, Idea, IndiGo, Vistara, Emirates, Bajaj Finserv, Ashok Leyland, Honda, Maruti, Vivo and many others.

So if you move to Slide #19. I would like to discuss some of the scalable business opportunities that we can digitally power merchants in India and globally.

So on the Slide #20, some of the big wins that we already have this year is it includes the GeM contract, the Government e-Marketplace. We also won contracts from on the IWS platform from NSDC for skilling resources. GeM project contract, I hope you are all aware that, it is all procurement of the central government and at least 22 state governments are online. So all procurement will go out through the GeM platform, which is the entire infrastructure, the technology services platform, is powered by Infibeam. And there is a percentage-based revenue that we make on every transaction.

I also want to speak about the utility space we have entered into. We are already working on the Bharat BillPay systems, so we will be moving on from collecting not only electricity, gas, municipal, aqua and property tax, but we will be slowly going ahead with moving on from school fees to examination fees, to mutual funds, insurance and many more going forward. For the hospitality sector we also provide a central reservation system, a central distribution platform to close to 1000 hotels across India, who pool their inventory in our systems; and as well as we provide the entire technology for a booking engine for their branded website; as well as distribute the inventory to the online travel agents like MakeMyTrip, Cleartrip, Yatra, ezeego1, Booking.com, Agoda. So from a single platform from a hotel perspective, it is not just a vanilla payment gateway, it is a complete platform, a central reservation platform where it can put inventory onto its own website as well as distribute it worldwide into the OTAs as well as the global distribution systems, be it any of the GDS', which is Worldspan, etc.. Many of the top hubs or online hotels use our platform to distribute their inventory. The payment gateway is also annexed to it, so there is transaction revenue over and above the subscription revenue that we get for providing this platform. There is huge opportunity in India, and it has enhanced margin in hospitality than any other sector.

We also offer remittance services for B2C and B2B. Our remittance platform is also being used by some of the top 10 banks in India for inward and outward remittances in realtime. I will take a minute here to indulge you: India is the highest-recipient of foreign inward remittances in the world. Almost $70 billion of remittances come in. So we have built the platform, we have invested in a company where we have built this platform, where it enables the banks to allow an American NRI to transfer money to their Indian relatives and friends in realtime. Some of the top banks like Axis Bank, Kotak Mahindra Bank, Yes Bank; almost 8 to 10 banks are already using our remittance platform for doing the remittances.

I would then like to move on to the GeM platform, to Slide #21.

Here, Vishal, you would like to take on from GeM over here?

Vishal Mehta:

Sure. Thanks, Vishwas.

So GeM has the potential, like I said, to becoming one of the largest marketplaces in the country. The addressable market in GeM is about $100 billion for central government. That essentially makes it, or positions it as one of the largest marketplaces, e-commerce marketplace, in the country.

GeM, the good thing is, it does not require most promotions. As the usage-based commerce kicks in, there is already demand from the government, and hence that demand will drive a lot of sellers to come and sell to them. And as a result, the opportunity for sellers to be able to get transactions is significantly high. By providing the platform through Infibeam Web Services, we get to earn on every order based on the value of the order. Incrementally, it is net profit to the company, so as GeM scales up it becomes an opportunity for us to generate more returns for the shareholders.

The next Slide, 22, talks about Bharat BillPay. Bharat BillPay is again a very large opportunity that we started in the later part of last year. It is around utility payments where CCAvenue originally had very little presence. And Infibeam Web Services as a platform also had no presence. The platform that is created is BillAvenue. It is being built with a very strong foundation, and it already has lacks of agents and many billers coming onto the platform.

NPCI has recently shared many of the statistics. NPCI is the National Payment Council of India, where the industry transacted on in average 1 million transactions every day on Bharat BillPay system. You're talking about 10 lakhs transactions on a daily basis. 31.5 million transactions were recorded in the month of March 2018 alone, worth Rs.30 billion or Rs. 3,000 Crores. So the industry has currently on boarded as much as 1.7 million agents. These are the agents who give the value of the transactions that we talk about. Hence, our presence in that opportunity makes a significant perspective in order to be able to generate the kind of positive volumes that we talk about. It is estimated that the size of bill payment market in India is expected to reach about Rs.9.4 trillion by 2020, as per research done by a firm called Ken. And all the bill payments, including payments for financial service, education in the future, will be linked to Bharat BillPay systems, which exponentially increases the transactions that can be potentially possible on the BBPS platform.

The BBPS revenue is transactional in nature. It provides an opportunity for us to be able to expand further on.

Apart from having our own platform, which we have given to a large number of agents and billers, we will also work with banks to be able to provide a powered-by platform under the bank's own network. This also gives us an opportunity to potentially become one of the leading bill payment processors in the country and get much higher market recognition in the utility space, where we had negligible presence.

Finally, on the Slide 23, which is related to remittances, as you know, remittances is a $70 billion industry. And when you have a large remittance coming, that most of the merchants will use SWIFT and other mechanisms, but the per-unit cost to send the remittance is very high. So when you have a very low threshold value of remittance that you would want to send from a foreign country into India, that such opportunities as SWIFT will almost become not economical. Hence, what we have done is we have created a platform by investing into a company as an anchor investor. The name of the company is RemitGuru. And for residents who are living international who want to transfer money to India that they can actually do that with either the bank remittance engine which is powered through the company or to go to RemitGuru and to send money.

Some of the banks, like Vishwas mentioned, have already started using our remittances platform. And we believe that the potential size of the remittance is significant for us to be able to offer such services not just to banks, and residents but also on e-commerce companies who want to accept payments internationally. You see other than a resident sending monies to their friends and relatives and family in India and then someone purchasing on an e-commerce website, the length of the process is a very long process instead that they can actually transact directly. And that gives us an opportunity to be able to explore further in terms of capturing more of the transaction value.

I will now hand over the call to Hiren Padhya, who is our CFO, to discuss the financial performance of Infibeam.

Hiren Padhya:

Thank you, Vishal bhai. Good evening, everyone.

I will discuss the financial performance for the quarter FY2018, the annual figures have already been discussed by Vishal bhai in the earlier slides.

Slide #25 and #26 are basically related to financial performances snapshot and the consolidated financial performance.

Our performance during the quarter and even for the full year FY2018 was excellent mainly because of the stellar performance from our IWS that is Infibeam Web Services platforms. Our consolidated Q4 revenue nearly doubled to Rs.2395 million from Rs.1209 million in the same quarter previous year. Our service revenues grew by more than 200% year-on-year to Rs.165 Crores. On one side, we have added over 5000 merchants on the platform, which directly contributed to our rise in revenue, and secondly, this quarter, CCAvenue posted highest-ever payment industry in the history of the business, and it is more than Rs.7000 Crores on a quarter basis. If we annualize the figures, last year's payments processed were Rs. 21550 Crores. And this has helped to increase the overall revenue.

In case of Products segment, which has posted a record 10% gross margin, it is mainly the result towards the high-margin products purchases.

Our consolidated EBITDA grew by 91% to Rs.452 million.

Now moving to Slide 27; it is basically key segmental highlights. This slide is just an extension of service segment and the Products segment operating margins. And you will see Q4 segment EBITDA has sharply grown in Q4 FY2018. This is on account of two reasons, IWS platforms which has scaled over the last year and it is benefiting from the operating leverage, and secondly, Q4 FY2018 financials also includes the CCAvenue revenue also.

Our Products segment has done well, in this quarter has managed to earn positive 3% EBITDA. This is again highest ever.

Moving to Slide #28, dividend as a part of management strategy, we are committed for the shareholder's wealth. And this time also, we are happy to announce that our Board of Directors have approved a final dividend of 10% to our shareholders, over and above 10% we paid last quarter. So the total dividend for the year is 20% on face value of Rs.1 per share.

I now hand over to Mr. Vishal bhai. He will just take up the **Infibeam's goals on Slide# 29**.

Vishal Mehta:

Thank you, Hiren.

So as far as the goals for the company this year is concerned, while we have launched two important services, one is Government e-Marketplace, which has the potential to grow further, much further than what we have accomplished last year, we will continue building upon that; as well as Bharat BillPay, which is the utility payments opportunity that is again launched in the second half of last year, those are the ones that we believe will give us significantly more upside in the coming year. So while we continue building upon our existing framework by opening up our infrastructure for more and more merchants, we would like to build leadership in some of the international markets. You see in India we believe we have a lot of leadership position in the payments and platforms framework. And with some inorganic growth opportunity that we have undertaken in the current quarter, that we believe we can build up such leadership positions in some very important key international geographies. We would like to continue to grow our margin base and our payments volume in the country to continue our dominating positions, so we will focus on that and make sure that we are able to continue the growth momentum that we've achieved. We will transform more and more of our business to ensuring that we get a larger portion of the transaction revenue by cross-selling and upselling many of our services as an integrated offering to our merchants.

There is a potential to build out new revenue streams. And one that we get excited about is the online advertising framework, one that will help us in terms of generating demand for merchants. That coupled with the '.OOO' domain, one that we believe will create an opportunity for many of the merchants to be able to generate demand, is a program that we feel very excited about, which we will launch this year. As a reminder: We will continue chasing profitable growth. As a company, we believe in investing and forward investing in such opportunities, but we will continue having a very strong thesis in terms of how this business becomes profitable before we actually go and scale it up.

I would now like to hand over the call back to the operator for questions and answers.

Moderator:

Thank you very much. Ladies and gentlemen, we will now begin the question and answer session.

The first question is from the line of Pranav Kshatriya from Edelweiss. Please go ahead.

Pranav Kshatriya:

So my first question is relating to the transaction revenue. You said that you are migrating customers from subscription-based revenue to transaction-based revenue. Can you give us some sense of how the growth in transaction has been over last year versus the realization per transaction? My second question is that I mean, if you can give some number of transaction this year versus last year that would be great. Second question is on Bharat Bill Payment System. After the launch, what kind of traction you are seeing in terms of the number of bills paid on a daily basis or a weekly basis? That will be helpful. These are my two questions.

Vishal Mehta:

Sure. Thanks. This is Vishal here, and I will also request Vishwas to participate wherever he thinks it is appropriate. You see, if you look at the entire base, earlier, when we give our platform, we used to have a subscription framework partly because you would want to have the merchants continue with you, and they grow on your framework that you do not charge more. That was the thesis that we generated about 3 to 5 years ago, and we continue to run. With payments, rather than going and communicating and telling the merchants to pay us on a per-transaction basis at the moment you give a payment along with the platform that it comes across to your merchant as a payment transaction cut. So in other words, merchants are used to paying for digital payments, that they do not have a problem or a negotiation in terms of the discussion of why is there a transaction cut on payments. So the moment you attach payments to the platform that you will see a significant upside because, the more the customer the merchants transact, the more the company is able to get in terms of returns. So to give you some idea: Last year, which is FY2017, the processing volume through our payments framework was Rs.12000 Crores.

And if you recollect, in FY2018, that is when we applied for the merger of the company, which is when you bring the platform and payments together, and as a result, we were able to process Rs.21550 Crores a year. So you could see that as we generate platform and payments together that the overall transaction value scales up by more than 77% to 80% year-over-year. The stickiness comes from the fact that merchants will want to have a framework and not just a payment gateway. They would want a solution and not just a payment gateway. So rather than selling if you traditionally see many of these companies that they would be in the business of selling a payment gateway and not a solution, delivering the platform and payments together, it is a solution. Similarly, you have the second question about bill payments. In terms of Bharat Bill Pay, you see even in Bharat Bill Pay, it is not a gateway. It is again platform and payments coming together as a solution. In that, you have billers on one side, which is the utilities, and then you have agents on the other side that come directly or through agent networks. And the ability for us to connect the billers with the agent network is magical because you can generate a lot of returns. In utility space in Bharat Bill Pay, you get a flat denominator of what the value of the transaction is. There is a customer convenience fee of Rs.10 that gets generated on every transaction. The customer has to pay that fee, in which, generally, and this is a general statement, economics work in such a way that about Rs.7 out of the Rs.10 would go to agent network. And agent network will be somebody like a Suvidhaa or UAE Exchange or whatever you name it and about Rs.3 or something would be net. So when I talked about the NPCI stats that I talked to you about, we do not segment out by maybe as a separate stream, it has been the growth mode for us. What we have been able to communicate to you is that there are more than 250000 agents that are active with us on Bharat Bill Pay. If you go to NPCI, they will talk about stack and, again, I talked to you about what happened in March 2018. There are already 1 million transactions, unique transactions, which are going through Bharat Bill Pay Systems, all the 1 million are not through us. It is from a list of providers who have operating unit license to be able to provide such services. But more than 250000 agents are connected to the NPCI switch through our framework, which means that they are recorded in the system as our agents. And as a result, the total size of transaction is significant. So the way we think about it is that the more agents you add, that even if somebody is able to process one bill a day that it gives you Rs.3 lakhs every day in terms of net returns. So like I said, we have registered about 0.5 million agents, out of which 50% of them are already active on our network, which allow us to generate more revenues. So we do not, like I said, segment out a specific client or an opportunity. It comes across as part of our web services framework, but it allows us to keep on offering more and more of such services and connect them to our customers.

Pranav Kshatriya:

On the transaction I understand your payment gateway will be on a transaction basis, but your services business, supplement towards largely on the subscription business. I mean, my understanding was that is also what you are moving to on a transaction basis. In that, have you seen any resistance from the customers? Because typically what happens is when you move from one billing system to other billing system, typically they ask for some discount, at least to start with. Has there been any resistance from the customers? And in that sense, I was asking that how much has been the growth in terms of number of transaction for the overall business, not just payment business? Because I think because you're moving to transaction-based model, we have to look at how the transactions have grown and how much the revenue per transaction has grown? So if you can throw some color on both quantitatively, it will be great.

Vishal Mehta:

Sure, very good. So basically, we do not sell or convince any merchant. We add CCAvenue as a payment gateway. So it is because the company has the payment framework and owns it, so without communicating that we have a cut of the transaction that we start generating incremental commission on every transaction. So if you had to take a view that other than what we have that let us start generating more out of a merchant by adding commission that we believe that would have been a significant resistance. In fact, the philosophy of our company has always been to reduce the cost for the merchant and not to increase it. But you see, rather than positioning us and taking commission that we offer payment as a utility or a service to the merchant along with the platform. And since the platform is through us, that it allows us to be able to do it seamlessly for the merchant. So as a result, for the merchants that we can incrementally start generating more revenue from an existing merchant, and I will also throw because you said you quantified you would be able to quantify some as well. So as we generate processing volumes, the processing volumes historically, like I said, were Rs.12000-odd Crores, which went to Rs.21550 Crores. On a run rate basis, it is already Rs.28000 Crores a year because last quarter alone, we processed Rs.7000 Crores. So when you have a framework that allows you to keep on generating the offering payment to the solution, that it gives you a nonlinear growth trajectory. So we did not have to communicate or sell or convince, but we provided as a solution and furthermore for all the merchants that could add it, including Government e-Marketplace, which is the Central Government unit that we started charging on a per-transaction basis and not subscription base. So to give you an example, in Government e-Marketplace, as we are part of a consortium that we provide the core technology of the marketplace and the framework that allows the transaction to process that we earn and we have probably saved about 7 to 10 BPS on every transaction. That becomes an additional revenue stream. So hence, all these specifics bring us a very transactional opportunity. In the past, when we had subscription, it was very defensible though because whether the merchant processes or not, but you still get some revenues. But when e-commerce is in this hyper growth phase and with addition of payment that we feel transaction is the right way to go because transaction gives you a very nonlinear growth framework. And so quite a bit of our web services growth that you see in terms of year-over-year is from the transaction. So like I said, we do not have to go and communicate an additional charge to the merchant, but what we do is we provide the payment along with the platform to merchants.

Pranav Kshatriya:

Thank you. I will come back in the queue.

Moderator:

Thank you. The next question from the line of Tushar Sarda from Athena Investment. Please go ahead.

Tushar Sarda:

Thank you for the opportunity. I wanted to understand about Unicommerce and IWS framework that you have. How does it work with each other? And what is the additional benefit that you get because of this framework?

Vishal Mehta:

Sure, Tushar, I will take that question. So you see, if you look at the traditional stack of what a merchant needs, a merchant would require an online format and a web ERP solution would allow the merchant to be able to transact online. And the warehouse management piece is something that Unicommerce offers. So an output from Unicommerce is think of that as an input into our existing stack. So before Unicommerce, Unicommerce would go and say, I have got so many units of inventory because they know everything, which is happening inside the warehouse. They know what product is sitting where inside the warehouse. Infibeam without Unicommerce did not have that knowledge. What Infibeam had as knowledge is that a system like Unicommerce will come and tell us, these many products are there and that they are available for sale. But what happens inside the warehouse, in terms of inbounding the product, is there a product which is coming which is expected to arrive, where is that sitting in the warehouse? Is it picked, packed, shipped, where is it in the process or being processed to give it to the shipper. All that information was in Unicommerce as a standalone system. Now when you see that Unicommerce output of Unicommerce will go in to of a logistics solution as well as our platform framework. So Unicommerce knows everything within the warehouse, which we never knew of before. And the second part that Unicommerce does, which means that now we control the entire experience. So we know exactly what is going on across the supply chain to be able to assist the merchant in terms of the complete offering. So any merchant who came to us, we did not run the warehouse management systems of these merchants. We only did what the merchant told us in terms of these are the number of units and this is the price at which I would like to sell. We did not have any additional way to help the merchant in terms of, okay, what is happening within the warehouse, where you stock it within the warehouse, what are the systems that you deploy in the warehouse, which means we define it as inbound store, which is storing it into the warehouse; picking the product; packing the product; ship, which is invoicing the product. That framework comes from Unicommerce. So it is completely complementary and not overlapping at all. The second thing that Unicommerce does for us is that it opens up omnichannel opportunity. And I will explain maybe in a couple minutes what omnichannel is, which means that once you have hold of the inventory that the same merchant can sell across multiple marketplaces. Unicommerce does not have the ability or the content management systems to be able to create a merchant's own store. What Unicommerce has is an opportunity to get the inventory of a particular merchant, which is being sold on a marketplace and allowing that inventory to be reflected on other marketplaces. They give a central dashboard so that warehouses can be managed very easily. So theoretically speaking, like I said, that they would be able to know more about the inventory than any other setup, and that allows an omnichannel opportunity to flourish. So they are very, very complementary and not overlapping at all because it allows us to have merchant selling across multiple marketplaces with inventory, which means every retailer or a store owner can also use it. And when you combine the two solutions together and also offer payments, which Vishwas talked to you about, then you can have a soft spa sitting on the merchant. So anything that happened in the physical store as well as whatever happens on the marketplace goes through our framework, which is a fairly large opportunity that we would like to address.

Tushar Sarda:

You are both back end and front end combined now, is that right?

Vishal Mehta:

That is correct.

Tushar Sarda:

And on this transaction value, you have been referring to the volume. So that is the CCAvenue's processing, right or that includes IWS also?

Vishal Mehta:

No, this is just CCAvenue processing because...

Tushar Sarda:

So what is IWS revenue and IWS value?

Vishal Mehta:

Yes. So basically, like I said, we provide the platform and payments together. Majority of the merchants in IWS will also use CCAvenue as a payment gateway.

Tushar Sarda:

But today lot of them are using CCAvenue, right?

Vishal Mehta:

Correct. That is right. So that becomes an opportunity for us to cross-sell and up-sell. So in other words, what I can tell you, we do not segment it out. But what I can tell you is majority of the merchants on our platform use more than one service of ours. All the merchants do not use it. But when I say service, it is a web service. So majority of the merchants in our company use more than one web service from us and that gives us an opportunity to be able to continuously expand, up-sell and cross-sell our services. So if there is a merchant who will come to us and want only the platform and not the payment, but we can give it to them. And similarly, if the merchant wants payment and not the platform, we can still provide it to them. But majority of the merchants would want to use both because it is a completely integratable experience. Similarly, when Unicommerce becomes part of service offerings that it gives us as an opportunity to provide the same. Very briefly in the call, we touched about Government e-Marketplace, GeM, that are we able to help GeM merchants manage the warehouse because these are large merchants. So like I said, GeM is using our platform, but they can also use another web service on our platform called Unicommerce. And similarly, the same merchant should they want to use payment, if they're smaller size or larger size, in a digital format, then we also have an opportunity to up-sell that? So it completely offers the ecosystem, one that is not which is very neutral, one which does not force anyone or any merchant to be able to go and say that we will not be without a merchant having to use all the services. One can actually choose, and it allows us to cross-sell, up-sell it.

Tushar Sarda:

Thank you very much.

Moderator:

Thank you. The next question is from the line of Amit Kumar from Ashita Capital. Please go ahead.

Amit Kumar:

First of all, Sir, I must tell you that you must hire a good Investor Relations agency who should give you a small script because initial opening remarks are really, I have not attended such a long conference in my life even. Coming back to the number, how you expect the growth in the terms of GMV after launch of several other payment solutions, Sir?

Vishal Mehta:

Sure, thanks. So just as a full disclosure, I think given that our business is very new in India and that we would like to impart more or communicate more about our business to users and stakeholders who join the call, hence, we are spending more time in terms of educating and providing information about the business, and hence, the length. Having said that, as far as -- you mentioned what will potentially be the growth of the business in subsequent years or in the coming quarter and years.

Amit Kumar:

GMV, after launch of several other payment solutions, including PhonePe and B2B, other payments are also coming, so where do you see yourself basically?

Vishal Mehta:

Sure. So you see, when you think about payment solutions, see, the other B2B part of the payments, not the B2C, so maybe I should spend a couple of minutes just telling you about that ecosystem. PhonePe, WhatsApp Pay, all of them, they are B2C. When you talk about JioPay or if you think about any bank wallet, HDFC wallet or ICICI wallet, they are all B2C. They all compete to get the customer. Customer can have their money in any of the account and it could be UPI based or not. So rather than having the merchant integrate with each of them separately, all of these payment options are available on our payment framework, CCAvenue, which means that for a merchant, rather than integrating separately into each of these payment options, that they integrate with us, tomorrow, there will be 5 more payment options that you talk about, including BHIM and others. All of them are integrated to us. So as an integration framework, rather than integrating separately the 240 different payment option and having a separate account and a separate ledger for each of them, that you would integrate into the payment aggregator, CCAvenue, and you will get everything in a console with central accounting, central ledger, central reconciliation and no separate integration with each of them because new payment options get added, they are automatically integrated into CCAvenue. We have strong value proposition, which means more...

Vishwas Patel:

Vishwas here. I will explain in general layman's term, Amit.

Amit Kumar:

In a nutshell, if you can tell me in percentage term, where you see the growth in next 1 or 2 years, just in a nutshell?

Vishwas Patel:

Amit, first you have to understand. Vishwas, I just explained in a context that is there. Now if you are a merchant today, there is credit card, there is debit card, there is net banking, there are wallets, and there is UPI, IMPS and all the other stuff that is there. So today, if you are naming, say, WhatsApp UPI or UPI or Google Tez UPI or PhonePe UPI or Paytm wallet, what we do is we aggregate all these also. So today, Paytm is live on our systems. All credit cards are live. WhatsApp UPI is live. All UPIs are live. And we make money out of all transactions so if you are a merchant, you will integrate CCAvenue, and you will be able to collect money from any of the options that are there. 240 plus payment options are there. But today, if you see from an aggregated business, we are the strongest out there. From the growth potential, since I cannot make forward-looking statements that are there, Amit, understanding this thing, we are very strongly positioned today with 400,000 plus IWS merchants on our platform and with varied platforms, specifically which provides end-to-end reach including payments, I think we've very strong reach there.

Amit Kumar:

Okay, Sir, what is the average revenue per customer right now? And what are our retention numbers? We have done anything in that regard?

Vishal Mehta:

Sure. So what we do report is we talk about the number of transactions in our processing as well as the value, total value. So when we actually divide the 2, you will get the number. We said we did 100 million-odd transactions and got Rs.21550 Crores. So you will see that in terms of the processing, the average value will work out to be about close to Rs.2000. Average is, of course, not an indication of all because you have a fairly large standard deviation, but it is close as what perhaps one can get in terms of the overall setup. In terms of what we earn out of merchants, we earlier talked about the merchants in the platform. We have about 94000-odd merchants. And of course, now it is a very integrated offering. Hence, we talk about merchants using Infibeam Web Services where we earn out of the transaction. So for the first time, we've reported that number, it is upwards of 400000 merchants.

Amit Kumar:

Okay. But on a lighter part, there was a survey, which was going on, that which is the costliest companies in Gujarat, and you are one of the costliest companies in terms of price earning in Gujarat, getting revenue of around Rs.90 Crores and quoting at Rs.9200 Crores market share right now. So what are the two, three figures which as a hardcore investor like us who has invested at the time of IPO must see in your company, Sir? If you can guide us, what are the risk factors right now in front of you because a lot of people, let me tell you, they were getting the new Manpasand from Gujarat, some of them are taking your name also. So this is what I just wanted to learn what are the two, three things from a risk factor point of view we must look into?

Vishal Mehta:

Sure. So of course, quite honestly and candidly, I would not be able to comment on your comments because they seem to be more like rumors or speculations or whatever you call it. But in terms to your question about specifics about the company, of course, we are here to inform and not sell and convince stakeholders to be part of us. So the way to think about our company, Amit, is that what you would want to do is if you look at universally, platform and payments have been very strong. And companies which are similar in size or even slightly larger, they get traded at much larger multiple than we do. There have been companies one of the largest companies which is listed in U.S., they have negative EBITDA margin, so they do get traded because there is a lot of expectation, you see, you get non-linearity in businesses which are related to technology. So in other words, the cost incrementally to give a framework or a platform to a merchant is very small, whereas the cost of technology also keeps on reducing given that you can afford more, compute tomorrow more than today. So the cost curves go in the favor of technology companies that non-linearity that potentially comes across. And in that, what it would be is, of course, use all the specifics in terms of understanding the company and specifics of a company before you would want to make certain decisions. But what I can tell you is that we have continuously grown in a profitable framework. We have a very strong thesis on how to make this company grow further. We are forward invested for many, many years. And we understand the business. We come from that pedigree to be able to understand and also make sure that we make certain right bets. We have failed in many of our specific opportunities as well in terms of growing them out, but we are okay with that. We will have to rewind and readjust and keep on growing them further; not everything that we do is successful. But what I can tell you is that, yes, I think as far as the scale and magnitude of any company doing e-commerce in India is concerned, we believe that we are in a path, which we offer more as an enabler and not a marketplace. In other words, you should look at the transaction processing volumes. I think that will give you a very good indication because, like I said earlier, these are all digital transaction fully recorded, which means that every single transaction, one can take a look and see whether it is profitable or not, and these are digital transaction by customers. Based on this transaction, we get a value out of each of the transaction, which allows us to get our profitability right. We will also encourage you to, of course, come down and meet up with us and get to know us better. We actually spend a lot more time in terms of communicating what we do and that we will have a better perspective then in that terms and an appreciation of what the company has in terms of offering. So anytime you use a payment gateway on whatever site, it is through our payment gateway that we earn out of that transaction.

Amit Kumar:

And if you can just tell me any 2 risk factors as a long-term investor we must look into your company, just that.

Vishal Mehta:

I will tell you a lot of risk factors.

Amit Kumar:

Just 2, which are the most important, I mean, just give me guidance in short.

Vishal Mehta:

Materially, I can tell you, we have disclosed all our risk factors in the IPO document, we have disclosed several pages of risk factors. What I can tell you now is what keeps us up at night is how do we compress time, which is, how can we do more than what we are doing today. So I think that is what keeps us awake at night, which is, can we accelerate and compress time and do a lot more than what we are doing today. And I think that you will also appreciate that you see all the technology companies, they are built out in 10 years because that ecosystem is very evolving. So what you could do in 50 years in the past in a traditional industry, that in a technology industry, you can do it much faster. And they have been very successful in terms of compressing time. And so if you are able to go and start thinking about what are the ways so that incrementally you would not have so much effort, but you have a much larger return. And as a philosophy, we will not focus just in profitability. We focus on scale and profitability both. So I think that is what we would like to maybe leave you with. So I think that we would love to point you to refer to the document, which has all material risks associated with our company that may you could review.

Amit Kumar:

But I will still suggest you to go for some good intelligent IR agency who should communicate rest of the things. There are a lot of rumors in Mumbai and Hong Kong about you. Please clear that out, so that we get a lot of messages about you guys that should not come to us. Thank you.

Vishal Mehta:

Sure, sure, we will take that in the suggestion.

Moderator:

Thank you. The next question is from the line of Dhavan Shah from KR Choksey Shares & Securities.

Dhavan Shah:

Thanks for the opportunity. Congratulations for the stellar number for the quarter. I have a few questions. Firstly, about the CCAvenues. So what was the revenue of CCAvenue in Q4 FY2018? And what is the full year revenue for the year?

Vishal Mehta:

Sure. So we have been talking about it. CCAvenue has been giving between Rs.55 Crores to Rs.60 Crores every quarter. We separately reported that out as part of our earnings call. So when you extrapolate it out and take a full year, that would be the impact. Going forward, of course, we provide it as a very integrated solution because one can provide platform and payments, but keep an earning out of every transaction. So for any merchant who wants to pay us even Rs.1, we can capture that Rs.1 using CCAvenue as a payment framework. And that allows us to keep on scaling up and that gives us an opportunity also to be able to bring our platform and frameworks to the next level, so on an average, one can it is reasonable to assume that it will be about Rs.250-odd Crores.

Dhavan Shah:

Okay. And what was the EBITDA for CCAvenue in Q4 and also the full year?

Vishal Mehta:

We cannot separately report the EBITDA in the full year. But like I said, we had a lot of onetime charges because we did further purchase price allocation in Q4. And hence, we had a lot of onetime charges that we have accounted for in our current financials. So there are a few merger-related specific onetime charges, which we've absorbed directly into our financials.

Dhavan Shah:

Okay. So that expenditure has been increased by around Rs.30 Crores something on quarter-on-quarter basis, so is that particularly because of this merger cost?

Vishal Mehta:

That is correct. That is right. So those onetime charges.

Dhavan Shah:

So Rs.30 Crores is the merger cost, right? So that is the...

Vishal Mehta:

Not all of that is merger cost, but it is reasonable to assume that some of that is the onetime merger costs associated with this.

Dhavan Shah:

Okay. So going ahead, I think we can expect around Rs.30 Crores, Rs.35 Crores of other expenditure per quarter.

Vishal Mehta:

That may be reasonable to assume.

Dhavan Shah:

Okay. And if I look at the segmental numbers, the unallocable expenditure in Q4 FY2018 is around 10% of your sales, so why is it so high? Is that because of this merger expenditure only?

Vishal Mehta:

That is correct. So there are expenditures related to that.

Dhavan Shah:

Okay. And on balance sheet side, if I look at the stand-alone balance sheet, so that has been an increase in the other current liability by Rs.130 Crores, and the same for other current asset as well. So can you please explain the delta?

Vishal Mehta:

Sure. So basically, other current liabilities, there are some payables to merchants. And hence, you would essentially it will be recorded in other current liabilities, okay? Similarly, we will also have a lot of money that we have already received from merchants, okay? And as a result, you will see that, that will be reflected in these two areas.

Dhavan Shah:

Thank you.

Moderator:

Thank you. The next question is from the line of Bhavesh Jain from Envision Capital. Please go ahead.

Bhavesh Jain:

Sir, we have taken board approval for raising Rs.2000 Crores. For whatever acquisition till now we have done, that we have largely done through stock deal. So the rationale behind raising such big amount Rs.2000 Crores?

Vishal Mehta:

Sure, it's a great question. So basically, you see our industry is evolving, and we have been appropriately conservative in figuring out what bets to take up so that they become accretive to the shareholders. So this particular approval is more of enabling approval in nature. In other words, it is an enabling resolution in case there's an opportunity for inorganic growth. So the company is in the business of providing, of course, platform payments, and it is positive. But we believe that there are many, many opportunities for domestic as well as international to extend our services and also to enable us to grow profitability. So in certain areas, we will find that there are some opportunities for inorganic growth to distribute other services into additional market as well as add to our existing portfolio of services that we have taken this up as an enabling provision. The board, of course, will have to evaluate every matter and they would be able to will be able to share more as and when we take such approvals.

Bhavesh Jain:

Okay. And Sir, any more acquisition which is there, which is there currently we have evaluated and we're going ahead on?

Vishal Mehta:

There is nothing that is materially something that we need to talk about today. Like I said, we would continue to receive many of these opportunities to evaluate. And our internal bias is always to build, but when we find the right opportunity that we would take it further. So to answer your question, no, nothing immediate that we have.

Bhavesh Jain:

Okay. For this international operation because we have already done one acquisition in Middle East, a Dubai-based online payment processing company, so how should we see this international business going forward?

Vishal Mehta:

Sure. So internationally, the business that we have acquired is in the payment space. They do about 1 billion Dirhams of transactions, which is fairly large at about 1 million transactions a year. And we already have expanded our platform internationally. So again, when we think platforms and payment, international becomes a very large opportunity for us. And international is a growth area. We have a lot of merchants who can utilize our platform internationally, and we should continue building up on that momentum because there is also arbitrage. To give you an example, when you talk about 1 million transactions worth 1 billion Dirhams that means that a value on a per-transaction basis internationally is Rs.17000 compared to Rs.2000 over here so you see the value of the transaction and given that we get a percentage of the transaction, it becomes a good opportunity for us to scale up our payment internationally.

Bhavesh Jain:

Thanks a lot and all the best for the future.

Moderator:

Thank you. The next question is from the line of Piyush Sakhiya from Raisonneur Capital Limited. Please go ahead.

Piyush Sakhiya:

Good evening everybody. First of all, I would like to share that not everybody would be critics of the management taking so much time and explaining what they are really up to, especially we at Raisonneur Capital really appreciate that. So moving on from there, I believe the FY2018 numbers, especially if you look beyond the PAT, has done significantly well. So if you look at the cash profit figures, we have grown by 137% year-on-year, so my congratulations to the management for brilliant set of numbers. Mr. Mehta, I would like to understand on the Unicommerce deal with regards to the OCDs that we will be preferentially allotting to the shareholders of Unicommerce, would they be interest bearing? And have we fixed the conversion price with them?

Vishal Mehta:

The answer is a very, very small interest bearing, it is 0.001%. So as per regulation, whatever the minimal required is what the interest-bearing percentage is onto that. The number is insignificant or not material in terms of the interest-bearing components of it. And as far as the opportunity of conversion and the conversion pricing is concerned, that we will be, of course, asking for an approval from the shareholders in terms of the premiumness at which the opportunities provided. The reason why we say three months to close the transaction is because we will need to go through a shareholder approval to give the convertible debenture, in which we will be disclosing the specifics. At the moment, of course, there is some amount of due diligence and we will be providing more specifics to you shortly.

Piyush Sakhiya:

Great. Mr. Mehta, the primary reason for our interest in Infibeam is the management's commitment to the virtue of sustainable and profitable growth, which is coupled with a brilliantly differentiated business model within the sector. However, we see that investors who believe in unduly subsidizing clients and users to gain scale have made small inroads into Infibeam by one of our recent acquisitions, which is Unicommerce. I bet and you would agree with me that the path from achieving scale using steroids to profitability is a long one and way rockier than it looks on paper. So can we reasonably assume that irrespective of the characteristics of new stakeholders coming in, Infibeam shall remain committed to grow profitably?

Vishal Mehta:

So the answer is, yes. You see, historically, we have been able to look at forward investing as well in many opportunities. And what I mean by forward investing is that we whenever we experiment, whenever we take up something new, that there will be a temporary view. We are always thinking about long-term. So in those cases, you will see a slight compression in terms of margins and opportunities. So we have been very comfortable in terms of taking those bets. But we have a very strong thesis and opportunities. So we do not look at building out the company whereby the profitability not in sight. We will always take up opportunities whereby we find that it's a sustainable, profitable growth in sight. So that part I think you could take reasonably well and we will continue doing that.

Piyush Sakhiya:

Thanks. I would like to understand that how well have BuildaBazaar and CCAvenue teams been able to farm on each other's merchant base? Could you please throw more light on this?

Vishal Mehta:

So there has been a lot of deep integration that we have undertaken that allow us to create a very smart and sustainable cross-selling opportunities. I think there is a lot more that we could do because the ecosystem holds a lot more services. And so as a result, like I said, as we keep on building up our framework, we can do a lot more in many ways to be able to cross-sell further. The good part about the whole opportunity, like I said, is that majority of our merchants use more than one web service, which is what we feel very happy about. But like I said, we are not complacent. We can do a lot more than what we are doing today.

Piyush Sakhiya:

Good to hear that. My final question to Mr. Padhya, it is more of a request. I have seen that there has been a significant deviation between the initially announced and restated Q3 numbers. Can I request you to put out a statement detailing the figures announced initially vis-à-vis the restated figures and the causes of deviations for the Q1, Q2 and Q3 of FY2018?

Hiren Padhya:

Yes. See, basically, the deviation in terms of Q3 and Q4 is mainly because of the exercise of merger, which we have undertaken and the accounting effect which has been driven in terms of purchase price allocation. So in the first, second and third quarters, we have taken draft solution report, and in the last quarter, we had to finalize the solution in terms of the purchase price allocation. So accordingly, as per the advice of the special auditor, we have taken and restated the accounts also. So accordingly, that effect has been given. So if required, we can give statement also.

Piyush Sakhiya:

Sure. Thank you very much.

Moderator:

Thank you. The next question is from the line of Dilip Desai from Mother Investments. Please go ahead.

Dilip Desai:

Thank you very much for the confidence that you are giving to the investors on the business model and the future ahead, but there is still a ghost looming around from a couple of months ago, where there were two instances where the stock just corrected over 40% or around 40% in a single day. Can you clarify why a company with such a strong business model behaved like an operator-based company? That is my first question. And the second question is, five years down the line, where do you see the company vis-à-vis market cap projections? What are the sizes of projection of the company five years down the line? I would really appreciate if we can have some clarity on these, especially the first one, of course. Thank you.

Vishal Mehta:

Sure, sure. So to be very candid and also in full disclosure, I should tell you that we typically we are not market people, so we would not know exactly the specifics in terms of how these reactions happen. In fact, it is quite the contrary, we think long term. We just think that we should continuously focus on the business. So while there could be perturbations, but we are not driven or obsessed by how we track what is going on in terms of overall, but that is not something that we feel obsessed about in terms of ensuring, so we are more in focused in terms of how do we execute to our business and business metrics and business KPIs, and that's traditionally been our approach and we expect that the same approach will not change, we will continue building up.

Dilip Desai:

Vishal, sorry to interrupt. Do not you think investors' confidence is also part of the management responsibility because, say, for me as an investor, I look at Infibeam in the long-term, but then something like this happens, it does shake up my confidence and a lot of other investors' also.

Vishal Mehta:

Certainly, I think that we do care about that a whole lot and that we would but there are certain things that we don't control. And as a result, we are very focused on what we control. So we think that as the business grows, in the long-term we will continue doing that. So like I said, the business and the experience, we would want to grow our business is what we are focused on, and that is something that we feel very excited and proud about. There are other things that we really do not control. And those are the ones that it would be very hard for me to explain or to communicate why certain investments or activities do happen. But like I said, I think if we are focused on the business and if you are focused on the long-term and if you are focused on ensuring that we work on these long-term right opportunities that if there are perturbations, they correct themselves. With that said, like I said, I think the other part that we would like to do, of course, is to communicate more about what we do as a business and to reach out to the audience so that we would continue providing more specifics about our business to potential shareholders.

Dilip Desai:

Correct. Okay. And the second question is, what is your five-year projection? Where do you see the capital market cap reaching when valuation's done?

Vishal Mehta:

You see, because of the growth in macroeconomics of the country and thanks to the digital growth and also the penetration of Internet, we have been able to grow and double our business every year. And we believe that if certain activities and projects that we have taken up, they have the potential to allow us to continuously grow in this crowded marketplace in a profitable and a sustainable way. And as a result, we think that if we continue building up the momentum, it should show up in the long-term in terms of how investors think about our company. So we will deserve the investors through execution, not optics. So like I said in the past also, we are not focused too much on optics, we are focused on execution and as we keep on executing to our business and our standards that the right metrics will show up for us. So, it will be very hard for me to comment, but what I can do is I can tell you that we are very focused in terms of ensuring that we can continuously build up a long-term, sustainable, profitable business, one which is scaling and also growing at a good growth rate.

Dilip Desai:

Fair enough. Vishal, one of the strongest recent time developments of the company has been the Government e-Marketplace. Is it a time-bound contract? Is it a value-bound contract? How is it? Like, in case the government changes in the center, does it affect your business in the contracts as well? Is there a chance that there can be a reshuffle to it?

Vishal Mehta:

It is a time-bound contract. The contract is for a period of five years and 10 months from the date of award, which is last year later part of last year. So it is a five-year government contract, so to answer that question of yours.

Dilip Desai:

I am sorry, is it an assured time-bound contract? That is what I wanted to know.

Vishal Mehta:

Yes, it is an assured time-bound contract. So in other words, we will have to work on the deliverables, which were provided to us. And that makes it a five-year 10-month contract. You see when the size is so large and when you have lakhs of Crores of transactions flowing through the framework in that time frame, we believe it becomes somewhat sticky. But like I said, it comes from a rebid in five years and 10 months.

Dilip Desai:

Okay. And it has nothing to do with the changes at the center or politics?

Vishal Mehta:

No.

Dilip Desai:

Fair enough. Thank you very much for your time Vishal bhai. I have to comment that Infibeam is doing a great job and hopefully we will keep up. Thank you very much.

Vishal Mehta:

Thank you.

Moderator:

Thank you. Ladies and gentlemen due to time constraints that was the last question. I now hand the conference over to Mr. Vishal Mehta for closing comments. Over to you Sir!

Vishal Mehta:

Thank you all for joining our Q4 and full year conference call. If you have any questions, you can please reach out to our Investor Relations and thank you for your valuable suggestions and time. We look forward to speaking to you again.

Moderator:

Thank you Sir. Ladies and gentlemen on behalf of Infibeam Incorporation that concludes this conference call. Thanks for joining us. You may now disconnect your lines.