# "Infibeam Avenues Limited
# Q2 FY2022 Earnings Conference Call"

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**Moderator:** Ladies and gentlemen, good day and welcome to the 2Q FY2022 Earnings Conference Call of Infibeam Avenues Limited hosted by InCred Equities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note, that this conference is being recorded. I now hand the conference over to Mr. Sreesankar R. Thank you, and over to you, Sir!

**Sreesankar R**: Thank you, Rutuja. Good evening, ladies and gentlemen. We welcome the management, welcome the participants for the Q2 FY2022 Results Call. We have with us representing the company Mr. Vishal Mehta – the Managing Director, Mr. Vishwas Patel – Executive Director, Mr. Srikanth Rajagopalan – President, Mr. Hiren Padhya – the CFO and Mr. Purvesh Parekh – Head of Investor Relations. I now hand over the call to Mr. Vishal Mehta for his opening remarks and later we will follow the question and answer session. Mr. Vishal Mehta, over to you, Sir!

**Vishal Mehta**: Thank you very much. Good evening to all of you and a very warm welcome to everyone to our FY2022 second quarter earnings call. We are very, very happy to announce that Infibeam Avenues had the strongest quarterly performance ever. We have outperformed on several parameters. The Payments business including bill payments, marketplace platforms where we serve clients like government e-marketplace (GEM) as well as enterprise clients like Jio, the newly launched secured lending business, as well as all businesses that we are into, achieved a high growth and we are experiencing a very, very strong traction. From a transaction processing volume of $19 billion in FY2021 we are now at an annualized run rate of $40 billion which is split as $25 billion from digital payments and about $15 billion from government e-marketplace.

In an article by financial experts this month GEM had mentioned that they will easily achieve a gross merchandising value (GMV) of Rs.1 trillion, approximately $14 billion, in FY2021 itself versus $10 billion it targeted earlier, even without the integrations of Indian Railways and others, and it will double its GMV to Rs. 2 trillion, approximately $28 billion, in FY2023. We are accelerating towards our own guidance that we gave earlier to process the total transaction volume of $100 billion.

We are happy to announce that we added a million merchants in just six months of this year with 0.5 million in September alone. Our entire tech stack, payments and platforms together, is now used by over 4 million merchants. We have also on-boarded some of the marquee merchants in the payments business this quarter. We will continue to build a very strong merchant pipeline and we are soon going to launch a product called 'Tap on Phone' to target offline retail merchants in the Payments business. This is perhaps the last leg of retail merchant segment that we currently do not cater to. As a reminder all the transaction processing volume (TPV) that we report and we currently cater to is online only. The launch of 'Tap on Phone' allows us to get into the offline merchant category to capture payments. Offline retail will open many, many opportunities for us. As our tech portfolio is broad based including platforms it will allow cross-sell opportunity of some of our products and features. We have also launched the standing instruction module and will be relaunching multi-network card-on-file tokenization solution both as per RBI guidelines.

On the strategic front, we continue to build on the payment stack and broaden the platform stack as well. There are ample of opportunities for us in this space. We continue to invest in very high growth opportunities and lending is one such space where we will monetize on the growing merchant data and the transaction data that we have.

The number of merchants will only grow as digitization becomes the de facto choice for merchants and enterprises. To monetize on this data, and that we will gather over the years, we have initiated investment towards building a very strong 'Artificial-Intelligent'-based credit lending platform and we have been making this investment for the past few quarters. We will work towards narrowing the credit gap that exists in India today which is worth over $250 billion, as per World Bank.

We have established a very structured process to set up a new team comprising of industry and domain experts to steer this business of the lending platforms. Partnerships with banks and NBFCS is also progressing well. Please note that we are not taking any exposure on lending, it is a zero-liability and a zero-risk business for Infibeam Avenues and it is a profitable business model given that we are the prime integrator. We are only going to be an enabler for the partnering lender to use the analytics from our systems. We should be able to launch this business this quarter itself which is before December 2021 by when we will provide more updates.

Another piece of lending is the 'Buy Now Pay Later' (BNPL) product. This is the consumer facing product and we are seeing growing demand of the Buy Now Pay Later in the market. Our bank partners as well as market research suggest growing acceptance in usage of BNPL payment option. In this regard we are enabling on our CCAvenue payment platform some of the industry best BNPL service providers like HDFC Bank, Bajaj Finserv, ICICI Bank, Zest Money, MobiKwik, etc. We act as an aggregator and earn an upfront MDR which is the transaction processing cut across all the market lending BNPL options without accumulating any NPAs or any collection worries. Once again, we do not intent to get into the lending business or the consumer lending business as we do not know this business internally. Our forte is technology and we will continue to build on this.

As a first step towards lending, we launched secured lending business exactly one year ago as a profit driver. We are currently doing this from our own internal accruals. Secured lending is secured against successful payment transaction for which money has already been received by us in our nodal account. Our secured lending business is seeing a very strong traction already. We disbursed on an average $50 million each month in Q2 versus $50 million in the whole of Q1, so, it is almost grown by a factor of 3x. We are at an annualized run rate of $600 million compared to our earlier guidance of $200 million. We aim to do $100 million a month as we exit in FY2022 and achieve an annual run rate of over $1 billion, in other words we have just increased our guidance from earlier $200 million to $1 billion this year itself.

Please note we continue to make profits in our core payment gateway and marketplace platform businesses. We generate 60% EBITDA margins and 29% PAT margins and hence new business launches and expansion is an additional revenue and profit driver for us. Every investment is incrementally profitable as this money does not go in covering losses for customer acquisition in other areas. We have been able to reach to this stage without any additional funding support and, at the same time in Q2, we have fully repaid any and all debt of about close to Rs.15-20 crore we had in FY2021. We are a zero-debt company as of today.

We are also seeing a very strong traction in our B2B business that is where we are building our neo-bank framework for corporate customers. It integrates well into our strategy of offering complete neo-banking experiences to corporates including balance checking, opening of bank accounts, collecting payments, making payouts, bill payments, lending and many more. We have direct customer acquisition strategy and also through white label partnerships with HDFC bank, which we intent to take this forward. We are targeting to onboard thousands of corporates on this platform going forward and process high transaction processing volume through this platform. The TPV process under B2B does not form part of the total transaction processing value that we report today. We are serving many large corporates including IOCL, Mahindra & Mahindra, Hyundai, Bajaj, Ashok Leyland, Bisleri, Landmark to name a few and more. This B2B platform independently competes with some of the other payment companies only focused on bulk processing. As a reminder again, the processing volume from this particular B2B platform is not accounted for in our transaction processing volume guidance.

On the subsidiary front, the Go payment subsidiary, incubated in our office, has now expanded into payment issuance and it has built its own payment issuance switch. It is working on some of the large projects with multiple top banks including HDFC Bank, Yes Bank and more. Also, our investee company, earlier called Remit Guru, and now called

Fable Fintech, was incubated in our office, is also set to grow at a very strong pace in B2B as well as B2C international remittances.

In the Platforms business, our partnership and relationship with large enterprise clients like Jio and others continue to grow. We have made marketplace platform 'Live' for Jio Mart last year, and in this second quarter we have integrated payment as well in Jio Mart. Jio as well as many of our large enterprise clients using more of our technology platforms, is a testimony of the scalability of our Platform business. Even top private and international banks in India have white labeled our payments platform while some international banks use our enterprise payment platform for card processing. This talks highly of our systems, processes and services that we offer to large scale enterprise customers.

To strengthen and expand our technology offering and to capture the upside in the Fintech space faster, Infibeam Avenues is planning to raise primary capital. We have never raised money post our IPO in 2016 and since then we have continued to build a profitable and a scalable business. The cash generated quarter-after-quarter from operations has been used to fuel our growth. We see ample of opportunities for us. We have built a very unique business model with very strong moat that drive both growth and profitability for us. As we build a superior ecosystem of payments; from payments acquiring to issuing, domestic and international remittances, 'neo banking, lending and cards', build a global payment network, as well as the payment network internationally, we need to apply a larger investment to this businesses to be one of the top Fintech companies in the country. **In this regards we are looking forward to raising capital through primary mode as growth capital.**

With this I hand over the call to our CFO to quickly update us on the quarterly performance. Over to Hiren. Hiren all yours.

**Hiren Padhya**: Good evening everybody. India offers a huge headroom for growth in digital transactions. The digital payments market is poised for a strong growth and mobile payment is expected to grow at a CAGR of 45% for the next five years to touch $3 trillion, as per Bernstein research. COVID has accelerated the pace of digitization after demonetization. This is early days for India, we expect high growth to continue in the sector. This decade will be dominated by the Fintechs, and hence it is important to capture the underlying growth in the sector.

We have built a strong, scalable and sustainable business to capture the upside to the fullest. Infibeam in the last few quarters has been focusing on growing its topline and at the same time ensuring profitability. We have proven time and again through our business model and our business strategy that growth can be achieved with profits. The company in this quarter has accelerated growth and achieved a record total processing volume of Rs.64,300 Crores that is approximately $9 and is at an annualised run rate of $40 billion. Gross revenue was up 44% quarter-on-quarter and 109% year-on-year basis to Rs.311 crore, that is $42 million. EBITDA margin excluding our subsidiary Go payment was 60%. Go payment however, is contribution positive. Infibeam's profits from continuing operations grew 33% quarter-on-quarter and 53% year-over-year. We will continue to push the limits in all the businesses to keep achieving higher TPV and hence higher revenue and at the same time ensuring profits.

We achieved higher growth without significantly compromising on the take rates as we added few large merchants and offered preferential take rates to them. Our India payments and platforms business are predominantly part of standalone accounts contributing over 90% of the total revenue where our EBITDA margin has actually grown to 63% in Q2 versus 61% in Q1. We have outperformed in our core businesses.

We are debt free now, have a cash convergent ratio of over 100%, consistently generate positive free cash flow and in the standalone business, we continue to generate higher ROE year-after-year. Our performance in the quarter has been exemplary and we have shared it in detail in our earning presentation and our press release.

Now I request the moderator to open the floor for question and answers.

**Moderator**: Thank you very much. We will now begin the question and answer session. The first question is from the line of Unnati Bhavekar from KR Choksey. Please go ahead.

**Unnati Bhavekar**: Good evening everyone. You have been giving a split of net revenues between transaction revenue and other operating revenues and then I believe the transaction process based revenue represent the payment gateway and platform based services revenue that accrues to Infibeam I just wanted to understand what is this other net operating revenue that it comprises of, does it or will include all your business revenues such as your AI based credit platform, your banking services, Go Payment services and software as a services revenue, so that is my first question and second is by when do we expect the other net operating revenue to become a sizable portion of the total revenue, do we continue to believe that the transaction based revenue will be the dominant driver over medium to long-term.

**Srikanth Rajagopalan**: You are absolutely correct, the other operating revenue is basically services revenue, we have derivatives revenues, we have set-up, AMC based revenues and VAS based revenues. So, these are all non-transaction based and this is also linear actually to our model and it is non-linear to our people, but the business model is a growing model and we have our existing large enterprise accounts signed up and for which revenue will get accrued actually to the company. In order to educate the investors more from our business model perspective, we made this chart saying that what is going to be our net take rates driven revenue in terms of transaction based both for our payment business and for our platform business and of course non-transaction based revenues, and both the revenues are our two parts of our base model and they are in line with our industry patterns and also in line with our nature of our business.

**Unnati Bhavekar**: What we have been hearing is that over a period of time as the value added services will become a sizable portion of the business it will kind of move up the margins and it will make it more consistent so that is the reason for the question. So do we believe that this non-transaction based revenue will become a sizable portion in the near future or will it take some time for becoming of the same kind of proportion.

**Srikanth Rajagopalan**: Right now, we are focusing on the TPV based revenues and TPV based revenues more the TPV because as an organization, as a business we are fine tuned actually for the TPV increase and the throughput is basically a measure of success. We always believe that higher the TPV higher the revenues and so on. Having said that we will not discount on non-transaction based revenues, that will also grow, maybe the rate of growth in non-transaction based revenues like subscriptions, license, set-up fee and AMCs and stuff like that may not be similar to the transaction based revenue, but that will also grow.

**Unnati Bhavekar**: And I have been trying to compare your market share that the RBI given data set so is it fair to say that you actually kind of grown the market share while as of fiscal year 2021 the digital payment transaction value has actually been dormant for the entire country but then in your case actually it has been growing and we have been actually capturing the market share, is it fair to compare your TPV with the RBI given data.

**Srikanth Rajagopalan**: To a larger extent what you are saying is right and I think while on one side we do not look at the market size and market share as a measure of our performance. At the end of the day that is the deriving factor. We are focusing actually on our own business and our own TPVs and I think over a period of time that it is a resultant factor. The market share is a byproduct result that will come but as of now yes we are growing actually exemplarily, very, very well and our progression is actually on a geometric side and not on an arithmetic side.

**Unnati Bhavekar**: But as you said that you have been trying to bring in the corporate clients for bulk payment term so you have been offering them a better rate so will it not continue to affect this increase going forward in the future.

**Srikanth Rajagopalan**: That is the model of our business and that is part and parcel of our business model and as a B2B model, actually that is soemthing which we will have to really do that, but as Vishal mentioned in the speech actually that we are not including TPV of B2B actually in our TPV calculations but in terms of net take rates yes because it is a nature of the business and it will continue to happen that way.

**Unnati Bhavekar**: You plan to kind of report the bulk payment that you do for the corporate in the total TPV.

**Srikanth Rajagopalan**: This is a competitive data, as and when there is a need, we will definitely do that.

**Unnati Bhavekar**: Thank you so much sir.

**Moderator**: Thank you. The next question is from the line of Deval Shah, an Individual Investor. Please go ahead.

**Deval Shah**: My question is to Mr. Vishal Mehta. You have told that you will be raising capital I want to know how much capital we are raising and from equity or debt from which mode we are raising the capital.

**Vishal Mehta**: Sure. So, when we talked about raising of capital, we are a debt free company in fact we have cash and cash equivalents of a few hundred crores so whatever conversation and commentary we have provided in terms of capital raise is equity capital, not debt capital. Srikanth you want to take over in terms of what we will be utilizing the capital for.

**Srikanth Rajagopalan**: Sure. Deval Shah, the primary capital as we talked about earlier that this is a growth capital and this is now required for our working capitals and so on this is basically required to accelerate our growth in terms of technology upgradation for our enterprise payment platforms, technology upgradation for our marketplace platform, new country expansion but for the COVID probably we would have started definitely one more country by this time but I think that we are little bit lagging behind that and once the COVID situation settles down, we will be definitely starting country expansion so for that growth capital and lending actually is a huge business and we did not visualize that we will touch $1 billion by the end of this fiscal and I think we maybe touching actually $1 billion as a secured lending itself in this fiscal by the end of this fiscal.

**Deval Shah**: How much we are planning to raise?

**Srikanth Rajagopalan**: Yes I am coming for that so all put together that we have not fixed any specific number actually in mind and because we are really trying to really attract some marquee investors who will be strategically and financially beneficial to the company, so, therefore we are fairly flexible actually on that but depending upon the investors the kind of a numbers like margin will be vary here and there but having said that this is going to be use actually for the growth of the company.

**Deval Shah**: So, it will be a right issue or the liquidity shares will be issue to the new investors.

**Srikanth Rajagopalan**: It will be a primary capital and by and large actually it will be by way of a strategic investors and financial investors, who is best actually for the company's expansions and company's growth actually.

**Deval Shah**: Do we have neo banking license, is there any procedure we are going on the process of applying it.

**Vishwas Patel**: There is no license required for neo banking, neo banking acts as a wrapper over the existing banking interfaces so it is like an aggregator of all bank screens it does not require payment license or neo banking license.

**Deval Shah**: Thank you.

**Moderator**: Thank you. The next question is from the line of Manav Vijay from Deep Financial. Please go ahead.

**Manav Vijay**: This is Manav Vijay. Sir I have one question regarding the net take rate that we have now in this quarter if my calculation is correct we have come down to around 6 basis points compared to I believe 7 basis points last quarter and close to maybe 8 basis points last year and basically we continue to be profitable. Now considering the hyper competition that we are having, plus the capital that we intend to raise, so the aim is to grow profitably, continuously or would you want to take the profitability slightly later, but grow disproportionately let us say over one to two years or let us say maybe for next few years.

**Srikanth Rajagopalan**: I will take this first question then possibly Vishwas can handle the second one. You are absolutely correct Manav that the net take rates have come down by 0.6 actually bps in terms of net take rates but there is a specific reason for that, last quarter it was 6.6 and this quarter is 6 actually and fundamentally that the second quarter of last year it was same 6.6 so by and large if you really look at it actually our volumes have actually gone up 1x over and possibly 2x over, for the entire FY2021 our TPV value was $19 and today we are the run rate of actually $40 on an annualized basis. So, despite that 1x growth, 110% growth, I think we are able to really manage the net take rates drop actually only by 0.6 bps actually because of the competitive reason. On one side that we can stick around to over 7 bps take rates and 6.5 take rates and so on, but probably we may have to really compromise little bit of actually our TPVs therefore that is the balance one has to really take in the entire business so that we do not lose that kind of opportunity and value is a game, volume is a game and we believe that by retaining more customers and more merchant additions, about a million additions in a span of six months it is not a joke so therefore that has been done actually with a little bit of compromise on the take rate and we also believe that the travel sector is not fully opened in the country, so the moment travel sector is completely opened in the country there maybe have slight moderate actually tractions on the net take rates as well so therefore the strategy is to really grow the business in terms of our overall business size so that the profitability will be the derived factor actually.

**Vishwas Patel**: Picking up from what Srikanth said is that the reason for us going aggressive is that the numbers of the new merchant additions has already been told, 10 lakh merchants in less than 180 days is what we have been able to onboard and I think that merchant addition and other things by little bit compromise on the take rate which anyway the main sectors like entertainment and travel numbers will come in good numbers in this quarter as you are aware as people travel more and go out more so that way the take rate will also increase better for this quarter, but having said that the new merchant addition, so the main idea here is that the money that we are making from a payment business has to be supplemented with something major and that is where the lending piece comes in and many other value added services that we are planning for corporates and SMEs is where we are going to earn, so the whole idea here is to go aggressive get in the merchants, tie them up and then offer VAS, lending and all the other stuffs so that is where the real monetization will come in that is where the real money that will come in over and above the take rate that we are talking about which we are already doing at scale, which will improve further.

**Srikanth Rajagopalan**: Thank you very much sir.

**Moderator**: Thank you. The next question is from the line of Arvind Datta, an Individual Investor. Please go ahead.

**Arvind Datta**: I have two questions the first question is that in terms of the market share in the TPV business, how do we compare to other players in the payment gateway in this are we among the top three players and what is the difference between the industry leader and us and my second question is, is there any update on the new umbrella entity license and when is the RBI likely to announce the licenses to new players.

**Vishwas Patel**: So the TPV business which other new startups are claiming and many others is a big question mark while, we are a listed entity so we only discuss the real electronic payments that have moved from a customer's bank account into our account and then to the merchant. Some of the competitors are also doing is that, that bulk payout that they are doing which is uploading a file, let's say a Dream11 winners are there after a match and we just process that I have to do the payout so all the winners they accounting all that as they are processing volume which is not the case so same thing that is why when Vishal has said in the B2B business the neo banking business when we do the payout to all the vendors or to all these kind of stuff we do not count them as processing volumes. We are the only listed entity in the country today, the others are startups, so even a internal transfer from one account to the other account or like even if we are doing the merchant settlement they will count that as a processing volume. So, TPV no one knows for sure what is the real metrics how they counted. We are counting a clear cut payments that moves from the bank from the customers bank account to our nodal bank account to the merchant so that is real processing but having said that TPV-wise different numbers are floating definitely now PayU billdesk being one of the biggest players, we are the second we believe, but then there are lot of new startups like Razorpay and Cashfree is also claiming and since they are not the listed entity and not in the open domain how they calculate their transactions while its just a bulk payout also is a carry account that has transactions or others is a question mark. So we believe we are the number two players there in the market as far as the TPV is concerned but as a profitability is concerned yes we are the only listed Fintech in the country and the profitable one at that. As fasr as NUE license is concerned yes there are four or five parties consortium that have applied we have participated in a consortium with Reliance Industries and two other foreign majors to RBI, who are looking at the application was a last update that we have got so maybe RBI will be scrutinizing the applications and maybe form a committee going forward but as of now all we are what we know is that they have just scrutinizing the applications, that is the status from RBI.

**Arvind Datta**: Thank you and best wishes for the future.

**Moderator**: Thank you. The next question is from the line of Hemal, an Individual Investor. Please go ahead.

**Hemal**: I have a very quick question regarding this quarter, as you are saying that to new banking the merchant as you explained as you are getting the merchants were on-boarded and then cross selling one of the thing that you are doing is merchant lending out there this quarter can you please maybe they are in the presentation I cannot find it how much lending will we do to the merchants and what was the potential revenue from it.

**Purvesh Parekh**: Yes. So, this quarter we have done secured lending to the extent of $156 million as three times what we have done in the quarter one and it has given a guidance of $1 billion by the time we exit the financial year FY2022. This particular segment, sorry we are not reporting it separately in terms of revenue, but this secured lending is growing month on month for us and the traction is increasingly there from the merchant side.

**Srikanth Rajagopalan**: In addition to that we started this lending piece actually in September 2020 practically form zero level and end of the last year that is March 2021 we ended with $100 million actually of the loan size and then we guided the market that we will do by the end of this fiscal $200 million which is 2x and based on our Q1 and Q2 performance our present run rate is about roughly $50 million per month actually this would mean that we are already doing $600 million on a annualized basis which is 3x of our guidance numbers. So therefore, we believe that considering all our workings and considering the relationship with the merchants and so on by the end of this fiscal year we will be little over a $1 billion that is what we have said in this speech earlier that we will do actually 5x of our guidance number and we are energized actually with this kind of a growth and this is one of the growth driver actually for the company from the bottomline perspective.

**Hemal**: Thank you sir just try to understand sir how do you as I understood this was where you are paying the merchant faster than the settlement or clearing and settlement would happen this is one we are getting the money faster and for that many number of days you generate through your Fintech partner or banking partner where you generate some incremental revenue out of it, is that the model out here I mean am I correct.

**Srikanth Rajagopalan**: That is right. Basically, under regulation depending upon the merchants we have T+n number of days which is a permissible days for settlement but in this we may do it actually T+0 so there will be a faster acceleration of settlement and therefore for that we will charge some bps actually extra from the merchants and our cost of capital is practically I would say very, very miniscule so therefore that would be the profit driver for the future.

**Hemal**: So, for us to think of as a metric to I know the volumes are definitely important but these are very low short-term lending high volume churn that is the one way to think about it right so what would be a potential objective like in next two or three years given the number of merchant base you have given the volumes what penetration and what volume size would you be aiming for given what you know from your internal data.

**Srikanth Rajagopalan**: I will give you a little bit of data and we are right now doing Rs. 800 crores per day or Rs. 600 crores per day in terms of processing so what we are doing actually for $1 billion means Rs. 25 Crores per day so Rs. 25 Crores per day resulting into $1 billion loan size so out of our capability of $600 million so Rs.600 Crores per day to Rs.25 Crores per day so that is basically the growth opportunity in this piece.

**Hemal**: So, you are saying merchants are likely get a lot they were willing to pay extra for it.

**Srikanth Rajagopalan**: Absolutely why would they say no to that because they are getting cash in the day one.

**Hemal**: Thank you sir this is my question that is it thank you.

**Vishwas Patel**: Having said that, there is this one part of the lending if you see there is a whole slide that we have put in on the entire new lending mechanism, the platform with the AI based lending, express lending will metaphor into many other things that is there be it invoice factoring and other things so if you see our presentation there is already a whole slide to it. So, it will go further to back to merchant invoice discounting in the coming days. I am not at liberty to say more but the entire platform will matter for us, to not just this express lending but many other things also.

**Hemal**: Excellent thank you sir understood.

**Moderator**: Thank you. The next question is from the line of Supratim Basu from Americorp Capital. Please go ahead.

**Supratim Basu**: I was just looking at the numbers and trying to make sense of some of these changes that have happened QoQ so two comments that I have and then if I could get your explanation on that, one is sir at the gross revenue level the take rate seems to have gone up from 42 bps to 48 bps from 1Q to 2Q, but if I were to look at gross revenue second quarter versus gross revenue last quarter and EBITDA of this quarter versus EBITDA of last quarter, it looks like all the incremental revenues that you have accrued this quarter has come at half the margin of the previous quarter, so it looks like the net take rate on the incremental revenues has gone down pretty dramatically so could you explain this disconnect please.

**Srikanth Rajagopalan**: Yes, let me just take this question, so if you would have really seen that our merchant size is 4+ million and our addition is 1 million more in the last six months and that means there is an attrition of 4 lakh merchants actually. So the take rates effect is also there actually on the 4 million merchant and having said that in this particular quarter especially post COVID considering the competition reason we have to really balance the take rates at the gross level and also at the net level considering the fact that there is a bulk payments, there are new customers are at the different pricing all together but, at the same time we need to really manage the overall net take rates we should not really drop it actually significantly below the marks. So we have in a way given up our water level actually and we manage the system actually based on that and however the additions of customers have come at the cost of little bit of compromise actually on our pricing as Vishal mentioned actually few minutes earlier. Our strong belief is that the hospitality segment and travel segment where we make actually significant traction in terms of gross rates and also net take rates, and that has not been even today it has not been fully opened both in the international sectors point of view and also from the India sector point of view so therefore once it gets opened and even some of the post COVID situation is not actually fully over so once some of the sectors are getting actually over this take rates will go north-wards actually having said that what is really happens in the last quarter and also in the quarter prior to the last quarter is that there are certain sectors where we were very, very weak for instance education sectors we were very weak but I think this COVID really helped us to really improve the education sectors in terms of our business vertical so this is actually one of the reasons our education sectors are not actually based on bid based it is based on fixed fee base so therefore that is also another reason why you are seeing actually little bit of dip in the our take rate.

**Supratim Basu**: Srikanth that will explain the variability on the EBITDA side.

**Srikanth Rajagopalan**: No, no even net take rates also because that is only at the tax free level.

**Supratim Basu**: No so what I am seeing so at the net take rate also but the question really is this gross revenue that you are reporting 311 Crores that is your that correlates 1:1 with Rs. 64300 Crores of TPV correct.

**Vishwas Patel**: Right.

**Supratim Basu**: So, Rs.311 Crores on Rs.64300 vis-à-vis Rs.216 Crores last quarter on something like 50630 Crores soemthing like that right so when I look at that your gross commission the gross take has actually gone up from 52 bps to 48 bps so there are two factors that I am seeing here one is that actually the payment gateway has been able to charge more on a consolidated basis or your client mix has actually improved in the TPV so you mentioned travels coming back, your hotels are coming back, etc. So, I am assuming that because of that because their share has gone up, this gross take rate has gone up 42 to 48 bps on a QoQ basis but the EBITDA numbers have gone completely the other way that does not make sense to me so it looks like you are collecting more from the merchant but you are actually paying out more than standard to everybody else within the ecosystem.

**Srikanth Rajagopalan**: The answer is Yes and No Supritim the another factor which probably we have not maybe articulated in the press release and maybe in the presentation is that the gross revenue includes actually some of the license revenues actually from our Platforms business so therefore on a apple-to-apple basis in order to determine the real take rates actually on the payment side and on the platform side on the license based revenue unless I split the license based revenues out of my gross revenues the number will dance in a different manner all together that is what.

**Supratim Basu**: That is what I asked you first that whether this gross revenue corresponds 1:1 with the TPV.

**Srikanth Rajagopalan**: So, there is a component there, an AMC component, there is a support component and there are certain amount of inspiration fee component that is also included this year in the gross revenue for which it is not actually translate exactly to the TPV. So that is the reason why the numbers are actually dancing in a different manner but I can walk you through actually on an offline basis actually.

**Supratim Basu**: That is good okay thank you.

**Moderator**: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Sreesankar R for the closing comments.

**Purvesh Parekh**: Thank you everybody for being a part of this call and we look forward to seeing you in the next quarter.

**Sreesankar R**: Thank you all for your time.

**Moderator**: Thank you. On behalf of InCred Equities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.