

18th June, 2021

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001
Scrip Code: 517214

National Stock Exchange of India Limited

Exchange Plaza, Plot No. C/1, G Block
Bandra – Kurla Complex, Bandra (E)
Mumbai – 400 051
Scrip Code: DIGISPICE

Sub: Transcript of the Investors/Analysts Conference Call held on 11th June, 2021

Dear Sir/Madam,

In continuation to our letter dated 10th June, 2021 intimating you about the schedule of the conference call for Investors/Analysts on 11th June, 2021, please find attached herewith the transcript of the aforesaid conference call. The same will also be made available on the website of the Company i.e. www.digispice.com.

You are requested to kindly take the above on record and oblige.

Thanking you.

Yours faithfully,
for **DiGiSPICE Technologies Limited**
(formerly Spice Mobility Limited)

(M. R. Bothra)

Vice President - Corporate Affairs &
Company Secretary

Encl.: as above

Digispice Technologies Q4 and FY21 earnings call Transcript **Dated:11th June, 2021**

Gavin Desa (Moderator)

Good afternoon, everyone, and a warm welcome to DiGiSPICE Technologies Limited's maiden earnings Zoom webinar.

We have with us today Mr. Dilip Modi, Chairman of DiGiSPICE Technologies Limited. Before we begin, I would like to state that some statements made in today's discussions may be forward-looking in nature. The actual results may vary as they are dependent on several external factors. A statement to this regard has been included in the result presentation sent to you earlier.

We will commence the call with Mr. Dilip Modi taking you through the industry overview, the operational and financial performance, and the company's strategy and business model. Following which, we will have an interactive Q&A session.

I would now request Mr. Modi to take you through the earnings presentation. I request you also to keep your view on a side-by-side format, so that you can see both Mr. Modi as well as the presentation. Over to you, Dilip.

Dilip Modi

Thank you, Gavin. Good afternoon, everyone. On behalf of DiGiSPICE Technologies, I would like to welcome you all to the earnings call for FY 2021. I'm very excited, because it's a great opportunity I see, for us to be able to interact using this platform. The last one year has been very challenging for the country and for the world and I hope all of you have been keeping safe and healthy.

I'm very glad and thank you so much for taking the time out to join us on this call. I hope you find your time here productive and I hope that we will be able to engage in an interactive session, where I can get to understand the questions on your mind as well as share with you some of the thoughts that we have on the business that we are building.

Before I start my presentation, I would like to introduce you to the management team that has joined me on this call. We have all the key leadership on the call this afternoon. As we are building out our businesses, we believe that it's very important that you connect with the people that are behind the vision that we are working on and to demonstrate to you the team that is also here.

Let me start by quickly calling out the individuals on the call. So we have from the top left hand corner, Anuj. Anuj joined us from Infobip, a leading CPaaS platform company and is driving

Korero Platforms for us, a recently launched business at DiGiSPICE Technologies. We have Rohit. Rohit is the Executive Director on the Board of DiGiSPICE Technologies.

We have Vishal with us. Vishal joined us from Mahindra Comviva, and he is driving our Digital Telco business at DiGiSPICE Technologies. On the bottom left, middle row I have Srivaths. Srivaths, comes with tremendous experience in banking FinTech, is the Chief Operating Officer for our FinTech business, Spice Money, driving the technology vertical for us.

In the middle box, I have Sanjeev. Sanjeev comes with again banking, insurance, tech experience. He is the Chief Executive Officer of Spice Money FinTech business. Then we have Mr. Meghraj Bothra. He is the Company Secretary, Chief Compliance Officer for DiGiSPICE Technologies.

On the bottom left, I have Rajneesh. Rajneesh is the Chief Innovation and Strategy Officer for us at Spice Money. Followed by Sunil, Sunil is the Chief Financial Officer for Spice Money subsidiary company of DiGiSpice Technology Ltd. and finally, we have Vinit. Vinit is the CFO for DiGiSPICE Technologies.

So, just wanted to share with you that we have the management team with us today on the call and they will be joining us for the Q&A session that will be followed post the presentation. So with that, I would like to start with the presentation that has already been forwarded to you as part of the invite or later to the invite. It's also been uploaded on the stock exchanges.

Since this is the first time we are having a call of this nature, talking about our business, I thought it will be good that I can use this opportunity to take you through the presentation that has been sent to you and use it as a framework for us to guide our discussion.

Let me start with the agenda that we have put together in this presentation. Can we move to the agenda, please?

So basically, the presentation is in four parts, starting with introduction of the company, talking about the different business segments that we are in. I think it is very important, given that we are doing multiple things at DiGiSPICE Technologies, that I'm able to take you through step by step on each of the segments that we are focusing on and what ties all these segments together.

We will be talking through in detail around our Financial Technology Services business, which is Spice Money. We will follow that with talking about Digital Technology Services. Can we go back to the agenda, please? Yes.

We'll follow that by talking about the Digital Technology Services segment, which has two elements within it. One, a newly launched platform business called Korero Platforms that we recently launched. I would love to share with you our thoughts on that and where we plan to take it, as well as our Digital Telco business. And finally, we'll close with our consolidated financials overview.

So very quickly, with that, let me start by talking about what is DiGiSPICE into and what is our business. So let's start with the basic definition of our company and our business.

As some of you may have recalled, at the last AGM in December 2020, I had the opportunity to outline the businesses that we are building at DiGiSPICE Technologies in a similar presentation. I'm hoping that today I'd be able to share a lot more in detail with all of you, including numbers, to be able to give you a perspective on the business in more detail.

Fundamentally, friends, we are a digital platforms and solutions company. What brings us together in everything that we do is this theme of building digital platforms and solutions. We've divided the business in two segments, what we call Financial Technology Services and Digital Technology Services. I will be talking in detail around both.

Just to give you a headline view on the business numbers in the last financial year, two lead metrics that we track in the company. One is in our FinTech business, what is the total value of the financial service transactions that happens on our platform. It was close to INR 82,000 crores in financial year 2021, which translates to around \$11 billion.

In terms of our Digital Enterprise Platform that we deployed across various enterprises, the kind of messages that we run on our platform is a number that we track very closely. Last financial year, over 9 billion. And then overall revenue for the company in the financial year 2021 has been about INR 700 crores.

So this is to give you an overview. And now, I would like to share with you in detail around each of the segments that we have in the business. Can we move forward, please?

I think one of the things that we, at DiGiSPICE Technologies, are very excited about is this great opportunity for us to build digital platforms for new ecosystems that are evolving. We've called out three ecosystems that we are very excited about at the company. One is the rural ecosystem.

We believe that starting in India, we are seeing how the rural economy has shown significant resilience during the pandemic period, but more importantly, how our Digital India vision has reached rural India in terms of smartphone penetration and Internet connectivity. And, therefore, we, at DiGiSPICE Technologies, have created a subsidiary called Spice Money, which is focusing on building a leading digital rural platform for rural India. This is something that I would like to share with you, the elements of the strategy here, and how the business has been performing so far over the last 3 years and give you a sense of where we want to take this business.

The second vertical that we've called out which we're very excited about is Digital Enterprise. We have seen that enterprises across the board, whether it's small, medium or large enterprises, have accelerated their journey on digitization, especially in the last one year. While digitization has been a trend over the last couple of years, all data shows that the last one year, we have seen significant acceleration equivalent to nearly 5 to 10 years in terms of enterprises adopting

digitization. We, at DiGiSPICE Technologies, have taken a position within this space. I would like to share with you what that position is and what we are building on, on the back of that.

And finally, Digital Telco. Almost all telcos around the region are re-strategizing around how to build their digital transformation strategy. We, at DiGiSPICE Technologies, have been working with Telcos across Asia and Africa for the last 10 years. And, therefore, in their digital transformation journey, we have identified a position that we would like to take to support and enable that journey for them. And I would love to talk to you about that, in that part of the presentation.

So let me start with our Digital Rural Platform business. We refer to it as Spice Money. We believe that today at Spice Money, we are building India's leading rural FinTech platform. And I would like to share with you the problem statement that we started this business with in terms of trying to solve, and on the back of that what is it that we are building.

I think fundamentally the journey of Spice Money started with trying to solve this problem, the problem being the last-mile banking infrastructure. Friends, as you can see, over the last 5 years, we have seen the number of bank accounts in India more than double in terms of the Jan-Dhan bank accounts. This is part of being the government's vision of Digital India and getting everyone to have access to a bank account.

However, while the number of bank accounts on Jan-Dhan had doubled, the number of bank branches and ATM machines growth has remained relatively flat, because this has been a brick-and-mortar infrastructure. As a result of which, when we look at ATM penetration per million population, it is significantly lower than the world average, and this is even further in semi-urban and rural India. And that is where we are working to solve the problem, in semi-urban and rural India.

The solution that we have put together that we have been working at Spice Money that has scaled up over the last 2 years is a digital platform, which has a front-end rendering in the form of a Spice Money App, which is available to our Spice Money Adhikari, which is a rural merchant to use on his smartphone combined with an Aadhaar biometric device.

So our goal is to convert a kirana store in rural India into an ATM cum bank branch. We are able to do this, because of the AePS technology stack built by NPCI, which is on the back of the whole Aadhaar infrastructure that got built out in the country. So like we have seen the mobile phone penetration grow, we've seen the number of bank accounts grow, we've seen the Aadhaar penetration also grow.

And reports are indicating now that Aadhaar Enabled Payment System, as a platform, is expected to scale significantly, because of ease of use, convenience and reach and just the penetration that Aadhaar has across over 1.24 billion of our citizens. So on the back of this technology stack, we have built out this solution, which is as simple as being available to anyone who has a smartphone along with an Aadhaar biometric device. Through this, we are able to ensure that

customers in rural India are able to avail ATM and banking services using this platform at their next door kirana store.

Moving forward, I will share with you the business model that we, at Spice Money, have been working on. So effectively if you look at the chart, on the left hand side you have various product manufacturers, who are trying to access consumers in semi-urban and rural India. And on the right hand side, you have a suite of services that we are enabling on our Spice Money digital platform for consumers in rural India.

In the middle is the platform itself, and it's built for merchants and entrepreneurs in rural India. So anyone who runs a kirana store or anyone who's a financial entrepreneur who wants to start their business can onboard onto the Spice Money platform, using their smartphone and start delivering different kinds of financial and digital services to consumers around them. This works for the manufacturers, because it allows them to reach out to consumers which otherwise was very challenging for them and the unit economics was not viable.

On the other hand, it enables the consumers in rural India to get access to a whole host of services at their next door kirana store, which otherwise they found difficult and had to travel a distance to get access or sometimes didn't even get access to. And most importantly, it enables entrepreneurs and merchants in semi-urban and rural India to create an additional source of income to grow their business.

On the bottom of the presentation, we have called out what we define as our key focus areas as we built out this business. These are areas that we are focusing on constantly in terms of -- as building blocks.

The first is access and engagement, one of the fundamental challenges we believe in semi-urban and rural India for product manufacturers is to be able to access the end consumer. And that is why you see them being able to only get access to products through informal sources. And that is where we believe that the first problem we are solving using this building block is access and engagement to both entrepreneurs as well as consumers.

The second building block is around the data infrastructure that we are building. A lot of consumers in rural India, it's very difficult for product manufacturers to have access to data, because they're not able to even access them. Going forward, we believe that there is a great opportunity for us to be able to work with our customers and with their data to be able to build products that they need.

And finally, the main building block that we are working on is an open API technology platform, enabling multiple product partners to come onboard to provide customized services to rural entrepreneurs and customers. So our main goal is to serve the needs of a rural consumer across different industry segments. And we believe that anything that can be brought onto a digital platform through an open API architecture, we can onboard onto our platform and deliver through our merchant ecosystem to the consumers in rural India.

Moving forward, I would like to share with you the progress that we've made till date. I've got data here over the last 3 financial years. To begin with, our focus; these are the metrics that we track internally and this is what we believe are the key metrics for us to build long-term value.

The first is to grow our network in terms of the number of Adhikaris on-boarded onto our platform. As you can see in the financial year 2021, we have reached a number close to 5,76,000 Adhikaris, which is over a 2x growth, nearly a 2.3x growth over financial year 2020. So last year has been a significant year for us in terms of on-boarding merchants in rural India onto our Spice Money platform.

The second metric is around dense coverage. While we have achieved a coverage where we have reached out to almost all the districts in India, our focus is to write density of coverage. In the last financial year, we have created what we call a dense district to the tune of about 140 districts out of an overall 708 districts. And the way we define a dense district is a district where there's at least one Adhikari or a merchant on-boarded as a Spice Money Adhikari per 1,000 rural population.

So our goal is to grow more and more Adhikaris in a particular area to be able to ensure that the services are available close to the doorstep of the consumer.

We on the back of the network growth that we've seen our market share in the AePS segment grow consistently over the last 3 financial years. We've closed financial year 2021 at an AePS market share of 13.7%.

In terms of the gross transaction value, we have seen in line with our Adhikari network growth, which was about 2.3x. We've seen our gross transaction value close at about INR 82,000 crores in financial year 2021 compared to INR 36,000 crores in financial year 2019-20, which is also close to 2.3x.

Another key metric that we want to keep a close watch on is our average gross transaction value per Adhikari. And why this is important is that we see ourselves as a platform catering to the needs of rural India. And, therefore, we are constantly focusing on new products that we can bring onto the platform. So it's very important for us to track a metric, wherein we can hold on the average gross transaction value per Adhikari to make sure that he's able to onboard -- not only onboard himself on the platform, but also be able to deliver multiple products that we bring on the platform to cater to needs of consumers around them. And I will be talking to you about some of these new products that we are very excited about and have been working on.

Moving forward, I think it's very important that anyone who is interested to look at what we are building, understands the thought process with which we are focusing on value creation. We believe that we are working in an ecosystem which has significant needs. And we believe that we can build a platform that can cater to quite a few of these needs.

So what we see is our focus is to ensure that to begin with, we bring more Adhikaris on our platform. If you see the flywheel or the spin-wheel that we've drawn out, I'll just try and talk to you one by one. So our first focus is to bring an Adhikari onboard. Working with the Adhikari,

we cater to customers around them, who come and transact at the Adhikari point. These customer engagements lead to transactions and growth in transactions, which generates data, which enables us to work and co-create with the Adhikari and the customer new products that we can then further onboard onto the Adhikari platform.

So our focus at Spice Money is on driving transactions growth and driving innovation. So two things that I would really like you to take away from this presentation is that we, at Spice Money, are committed to, driving transactions and driving innovation, because we truly believe that as a platform business, these are going to be the two big value creators for us in the long run.

Also, while we are doing this, what also excites us is that we are a positive unit economics business model. So at the end of the day, while we are growing transactions and we are investing in innovation, we are a positive unit economics model. So we are ensuring that we can generate money and reinvest that money in terms of driving transactions and innovation.

We also see in our business operating leverage, driven by transactions growth. So as a platform business, we believe that our focus on transactions growth will over a time enable us to leverage -- to be able to benefit from operating leverage that also exists in the business model.

Also to share with you that in the last quarter of the financial year, quarter four of 2021, during the February/March timeframe, we did a new launch of our brand Spice Money, where we did a refreshed brand launch and we came out with a very important scheme, where we reduced the entry cost for the Adhikari to come on board. We also reduced their ongoing monthly fee. And we also made it very attractive for them to take the devices from us. The whole goal was to accelerate on the onboarding of Adhikaris on our platform.

Having invested in that, during that period, we did see significant growth in fresh additions. We had over 100,000 Adhikaris that got on-boarded during the period of that campaign. And also, about 24,000 of them got activated on our mini-ATM device, something that I'm going to talk to you about shortly.

So for us, what is important is to make sure that as we onboard Adhikaris and as we work with them to serve consumers in rural India, our focus is to bring relevant products on the platform that are relevant to the consumers in that ecosystem, to drive transactions and to serve their needs.

Going forward, I'd like to talk to you about some of the new products that we have, we are very excited about and that we are working on at Spice Money beyond AePS. The first product that I want to talk to you about is Mini ATM. I truly believe that this is a product for Bharat. Many of us are used to seeing these mPOS devices in urban India. We believe that with this device, we've been able to ensure that every customer with a bank account and a debit card is able to also use that card to withdraw cash. So it is a product that we have seen which is very complementary to our Aadhaar Enabled Payment System product.

What a Mini ATM product does is allow any customer with a debit card to be able to go to the nearest Spice Money Adhikari point and use their card to be able to withdraw cash. This we launched in January 2019. And up to March 2021, we've on-boarded nearly 78,000 Adhikaris on to this product. Our focus here is to drive device affordability. Some time back when we started, we had devices as much as INR 5,000. Now, we have devices in the market sub INR 2,000. In fact, close to INR 1,900 that we've launched for our Adhikari ecosystem.

We've seen significant growth in adoption of this product on our platform. We closed financial year 2021 at a GTV of close to INR 8,638 crores compared to INR 2,740 crores. So both the AePS and the Mini ATM product are coming together to offer a complete solution for an Adhikari to be able to function like a human ATM. So someone can come and withdraw cash using both Aadhaar and card.

Another product that I want to quickly talk about that we have launched recently is Enterprise Cash Management. As you're aware, rural India is serviced significantly by a lot of microfinance, NBFCs, as well as a lot of companies in the logistics space, who are building out their logistics reach into rural India.

But one of the areas that we are trying to solve for them is around cash collections. So the way it operates today is all these enterprises, whether it's these microfinance NBFCs or these logistics companies, they have their agents or their representatives in rural India who go to collect cash on a regular basis. And then, they have to go back to their branches at the end of the day to deposit their cash. This is how the system works right now. It has various constraints to it in terms of the distance between the cash collection point to the point that the branch is there. It's limited by banking hours and all of that.

Now, what we have been able to bring out as a solution is that instead of the representative of the enterprise, to have to travel a distance to their branch to deposit the cash, the village in which they are collecting the cash, they're able to deposit the cash in that village itself, if there is a Spice Money Adhikari or an entrepreneur who is working on our platform.

So now, instead of traveling the distance, they deposit cash in the nearby Spice Money Adhikari and the enterprises get near real-time credit. So if you look at in terms of cost, in terms of convenience, in terms of time to cash, I think on all perspectives we are able to create value for the enterprise. This is going to be a focus product for us in this coming year.

On the right hand side, we've given you some examples of some of the enterprises that we're very proud to be working with in the microfinance and NBFC space.

Moving forward, I think this is something that I spoke about at the AGM. And now, I would like to share with you in more detail, our vision for Spice Money. Friends, what I see is that with the enablement of technology and with the penetration of smartphones and Internet connectivity deep into rural India, we have a great opportunity that people living in a village can service most of their needs within the village.

They do not have to leave their village or they do not have to leave their small town, at the end of the day, what we can enable through the merchant network is delivery of not just financial services, but also all kinds of services that can be on-boarded using an API infrastructure on the digital platform.

So we believe that we have a great opportunity to service the needs of rural India, within rural India, using the Spice Money platform. We have tried to outline a template briefing the kind of areas that we are excited about and that we believe the needs of consumers in rural India that we can serve using digital platforms like ours. What we've called out as live are services that are live on our platform as of today, which are contributing to the GTV, the Gross Transaction Values that you see that we report.

So starting with basic banking services, as I said, that was the core problem that we were trying to solve, the lack of ATM infrastructure in rural India, to payment services, to travel services, and then to digital payments. All of these services are now live on our platform and are enabling the Spice Money Adhikari to not only deliver these services but drive up their earnings using these plethora of services.

Going forward, we believe that whether it's financial services, government services, healthcare services, e-commerce services, each of these can be made available in different formats by using our platform and to be able to provide the underserved consumers with lots of these products, and we look forward to innovating with the different product manufacturers in making this happen.

So our focus is to make sure that we are able to service the consumer in rural India in a manner that they do not have to leave their area where they live and most of the needs can be serviced there itself. And this is what drives us every day and this is what makes us get up and go to work and make sure that we can create that impact, because not only we are creating jobs or adding to the income of the merchants, but we are actually helping uplift and create a significant impact on the lives of consumers in rural India, starting with basic financial empowerment of giving them access to their own bank account.

So this is something that we will keep coming back and talking to you about to demonstrate how we are progressing on this. It's a long journey ahead but I think it's going to be a very productive and useful journey, because we are impacting lives on the ground.

So, before I get to the financials, I would like details about the growth levers that we are focusing on at Spice Money just to summarize what I've been sharing with you so far. So the three key growth levers that we are focusing on is accelerating growth of our entrepreneurs' network that we refer to as Spice Money Adhikaris. Some of these initiatives we have already taken in the last quarter of the financial year. And the focus here is to deepening presence in key clusters to be able to service the consumer at the doorstep.

The second key lever is about expanding our service portfolio to be able to build new use-cases in line with needs of consumers in rural India. And finally, friends, what is important is, we are

working in the space of financial services, we know that when it comes to banking and financial services, the key word is trust. And that is where we are aspiring as Spice Money to emerge as the most trusted financial services and FinTech brand for rural India.

In this journey, we have also partnered with other players who are as committed or as keen to service rural India and connected to the needs and really want to play their role in contributing to it. One such partner that we have brought onboard is Mr. Sonu Sood. He's known for his humanitarian efforts. But most importantly, what we found in him is a huge connect with consumers in rural India. And so, we are so excited to have him onboard, working with us very closely to think about products and services that can bridge the divide between rural and urban India. And like him, we believe that there are many people in the ecosystem who can align with us to be able to work together as we empower a billion people in rural India.

Now, let me conclude the Spice Money section with the financials of Spice Money.

While its self explanatory, I would like to just walk through quickly, the two boxes are around revenue, one is the annual number and the other is the quarter-on-quarter number. What we have done this time is broken up the revenue for you in three segments. So, so far, we have shared, if you see our published financials, it's more around the top-line revenue. So, overall revenue, if you look at Spice Money, about INR 578 crores for the whole year, INR 159 crores for the last quarter compared to INR 250 crores for the last financial year and INR 150 crores for quarter three FY 2021.

The three segments that we want to share with you are around service fee, airtime sale, and acquisition and device revenue. And so, we are wanting to break up the revenue into these three segments. The service fee revenue is the revenue that we earn as commission from all the transactions that happen on our platform from the product manufacturers. The airtime sale revenue is basically the airtime that we are selling on our platform, the top-ups that happen on our platform. And the acquisition and device revenue is revenue that we get from the sale of devices and the entry fee charged. Our focus in this is, as we said earlier, is to drive transactions and drive transaction revenue. And that is what we will focus going forward.

In terms of EBITDA, we have seen us coming up with INR 21 crores EBITDA for the financial year 2021, compared to INR 9 crores financial year 2020. But what I would like to draw your attention to is the EBITDA that we reported for the last quarter financial year 2021, which is INR 2 crore negative compared to INR 5 crores for the previous quarter.

Now, this is basically representation of multiple initiatives that we took in the last quarter, something that I spoke about earlier. One is investment in a brand campaign that we did. Second is reducing our entry fee and device fee, which had an impact on our earnings, at the same time reducing the rental fee. Now these two were very important initiatives for us to drive acquisition of merchants onto our platform. And the reduction of the rental fee was very important for us to drive engagement and transactions.

Directionally, we will continue to reinvest part of the profits to grow our business, because our focus is to grow transaction and invest in innovation, because only through a combination of that we will be able to serve rural India successfully. But let me assure you that we are a positive unit economics business, so these levers are in our control and at the end of the day, we will monitor them as we go forward. But we are very excited that we have the opportunity to reinvest our earnings to initiatives which will drive long-term value creation.

Now, with that, I would like to now move forward to our Digital Technology Services segment. Friends, this is something that we have seen over the last 15 months, a fundamental change in the way enterprises, large medium and small, have been looking at engaging with their customers. Almost, this period, not just in India but globally, has demonstrated new ways in which enterprises need to connect with their customers, need to engage with their customers, need to interact with their customers. And almost all of this has moved from physical to digital. And so, we have seen a significant acceleration in enterprises looking out for platforms that can help them connect, engage and interact with their customers better.

And keeping that in mind, we looked at this opportunity at DiGiSPICE Technologies. We for the last many years had been working with enterprises in the banking, financial services, insurance and utility space, around providing them enterprise mobility solutions. Now, when we see this opportunity, where enterprises are wanting to connect, engage and interact with their customers across multiple channels, we are seeing an opportunity to enter a very exciting new space. And I want to talk to you about that space.

We have seen that there is a new emergence of a new category called Communication Platform as a Service. And in the last one year, especially with the significant acceleration in both adoption of digital channels, we've seen, for example, during the lockdown, where call centers could not operate, companies migrated their customer service function from call centers to WhatsApp. We had agents sitting at home engaging with customers using the WhatsApp chat platform. Like this, there's been a fundamental shift in terms of adoption of digital channels at the ends of the consumers and the enterprises.

Keeping this in mind, we believe that the CPaaS industry has a tremendous opportunity to grow and we are seeing significant action in this space. We are seeing a lot of companies coming in and excited. And we, at DiGiSPICE Technologies, have a unique opportunity to create a space for ourselves in this industry.

In terms of the overall industry, we see this as not just an India opportunity but a global opportunity, and therefore, we are looking at the overall size of the market, which is significantly expected to grow from \$7 billion to \$25 billion from some reports. And within this CPaaS business, fundamentally a lot of the focus right now was on mobility, which is SMS-driven. But with growth of adoption of digital channels, we believe that this will move from just SMS-based interaction to multi-channel engagement. And I'll talk to you about the platform that we have built out and that we are excited about at DiGiSPICE Technologies.

Also in terms of growth of automation platforms, we see that whether it comes to marketing automation, contact-center automation, sales-force automation, almost all processes across enterprises, large and small, they're looking out for tools, which can help them drive productivity and efficiency.

One such space that we're excited about is marketing automation. And again, we see that there is significant headroom for growth. So keeping this opportunity in mind, which we believe is a new opportunity that is ahead of us, we, at DiGiSPICE Technologies, have recently launched what we call Korero Platforms.

This is our Digital Enterprise Offering for all enterprises; large, medium and small. Our experience at Spice Money has shown us that a small merchant in rural India is also going digital. So you can imagine how digitization is touching every form of enterprise, whether micro, small, medium or large.

We, at DiGiSPICE Technologies, have had the privilege of working with many enterprises for our enterprise mobility suite over the last several years. We serve 3 of the top 5 in Fortune India 500 top list. We have 2020 list. We have over 60 clients that we serve with our enterprise mobility solutions. And it is for them and many others that we have brought what we call Korero Platforms, which is an omni-channel communications platform.

So from enterprises just engaging with customers using SMS, for example, today when we do banking transactions, we get OTPs using SMS. So this has been like one form of communication that enterprises use. But going forward, there are multiple channels that we've demonstrated on this sheet, whether it's voice, WhatsApp, e-mail, in-app notifications, web push, app push, and these channels are just growing with growth of digitization and smartphones.

And so we have built out this platform, which can enable any enterprise, large, medium or small, to be able to engage with their customer-set across channels. So they're able to get a single view of the customer and be able to make sure that they can service their customers irrespective of the channel that they are on, whether it's SMS, voice, WhatsApp, or e-mail.

Behind this, we've built intelligence to be able to ensure that these conversations or engagement that they have with the customers are contextual. And we've also built out a complete marketing automation suite for the marketers in these enterprises to be able to use this platform that we built out to be able to do segmentation and recommendation in terms of what products for which customer sets. So with Korero Platforms, we see an opportunity to move from just being an enterprise mobility solutions provider to being a CPaaS provider as well.

Moving forward, I'd like to talk about Digital Telco. Friends, when we think about Digital Telco, one of the big things telcos have, which is a great opportunity for telcos, is to become the content delivery platforms for lots of digital content that is going to get created and is getting created globally.

We have seen that there's been significant growth in digital content consumption. And especially in the last 15 months, we have seen everything moves digital. There's so much innovation happening around digital content and a lot of people are working not only in creating content, but also making sure how they can drive a personalized experience.

Globally, we've seen close to now 5 billion people who've jumped onto the Internet, over 60% of the world's population, people are spending over 7 hours a day by global data online,. And one big segment with this, which telcos are very excited about and chasing is video, because they are investing in 4G, 5G infrastructure, and what they need is digital content to sweat that infrastructure.

And video is one big consumption of data bandwidth, and this is something that we are expecting to exponentially grow. Various reports highlight that out of the total digital content revenue of close to \$300 billion, from \$85 billion by 2025 will be contributed by Video-on-Demand.

So consumers at large are now consuming content more and more on digital platforms, and more and more of them want a personalized experience. And telcos are very well placed to be able to deliver digital content to users and we are seeing many telcos in the region do that. We, at DiGiSPICE Technologies, want to be an enabler for this, through our platforms that we are looking to deploy at the telcos.

Moving forward, I'd like to share with you some of the offerings that we are working on. At the bottom you can see the leverage, the starting point that we have. Over 25 key telco partnerships across Asia, Africa and Middle East, for whom we've been building all kinds of mobile VAS solutions. While we've seen the mobile VAS revenues drop, what we have invested in is building our understanding with the telcos and their consumers. And as they go into their digital transformational journey, we want to be an enabler of them, of that journey.

So for that, we have built out our product offering around digital entertainment products, digital service aggregation, as well as self-serve platforms. Telcos in the region are looking for partners to be able to work with them in all these areas. And we, at DiGiSPICE Technologies, are excited to be one such partner working with the telco; again, a platform opportunity to be able to deploy platforms at telcos and drive transactions.

I just want to give you an example of some of the Digital Entertainment Products that we are rolling out across music, video, gaming space, significantly skewed towards music, but going forward, we are excited about content innovation fully around video and gaming.

Many operators across Africa, Southeast Asia, South Asia, are now investing aggressively, because end-consumers are going digital faster, telcos are upgrading their infrastructure towards data and they are looking for products to sweat that infrastructure. And we, at DiGiSPICE Technologies, are going to be working with them to evolve from just being a VAS provider, to being a digital solutions provider to the telcos, especially in the areas of digital entertainment and self-serve.

Moving forward, I'd like to close this section by talking to you in terms of the financials of what we have called out as a Digital Technology Services segment. Basically, this is in three components I would like to talk to you about. The Enterprise Mobility Revenue, which is what we have been working on. Second is within Telco we have divided it between Digital Telco and telco VAS.

Just to explain to you that in the overall revenue profile what is growing and what is reducing to give you a sense of how the business is shaping up. If you look at the three years' performance, our overall revenues from the Digital Technology Services segment have come down from INR 237 crores to INR 134 crores. If you look at the mix of the revenues within that, you would see that the share of the Enterprise Mobility Revenues has steadily grown.

And last year or the year before that, we have also begun to see growth in the Digital Telco revenues, which is associated with some of the products that I spoke about earlier. And this is something that we're going to track for going forward. Our focus is to grow these digital revenues.

The reason we've seen this drop in what we are calling other revenues, which is mainly with respect to telco VAS is because we have seen a significant shift in the telco business model from voice to data. And so, while earlier we were working with telcos mainly in the voice VAS space, now we have moved towards working with them in the data space. And that's why we have seen a drop in revenue.

There are still revenues coming from voice VAS in Africa, because some of those markets still have customers consuming content on voice platforms and we'll continue to cater to them as well. But we'll be among the early providers for data solutions for such telcos in Africa.

We have also called out the revenue profile on a quarterly basis. Again, you can see that the way we closed quarter four last financial year, the other revenues have significantly come down while what we are focusing on is the enterprise revenue, which is going forward and going to be in the digital space as well as the Digital Telco revenue.

I want to spend few minutes more on the EBITDA profile of this segment, because it is very important for you to understand as we are trying to make sure that as we build all our businesses, we are not only focusing on growth, we are also focusing on profitability. We have seen that in this segment because of the sharp decline in revenue, we've seen a drop in EBITDA year-on-year. Over the last few quarters, we have been taking various cost rationalization measures and that is reflected in our quarterly EBITDA movement.

We believe that in the future, the kind of relationships we have with telcos in Africa, Southeast Asia, there is a great opportunity for us at DiGiSPICE Technologies to invest in digital capabilities and platforms to enable them to be able to go digital and as they drive the penetration of these content and other services in their consumer base, we, at DiGiSPICE Technologies, can benefit from that growth. So directionally, our focus is on investing in digital capabilities and platforms.

So in all the three segments, the Financial Technology Services business, the Digital Enterprise business and the Digital Telco business, our focus is on growth. And that is what we will keep our focus on. Of course, we will keep our eye to make sure that we do not overlook the fact that we have to maintain a healthy bottom-line but, at the same time, we believe that long-term value creation is in focusing on growth and that's what we will continue to do.

In closing, I would like to close with the overview of the consolidated financials. We have brought out the 3 key metrics of revenue, EBITDA, PAT. This is at a consolidated level just to share with you. So, overall revenues have grown from INR 407 crores in the last financial year to INR 712 crores in financial year 2021. Our EBITDA has moved from INR 7 crores to INR 13 crores. These are rounded figures. And our PAT has moved from negative INR 55 crores to INR 6 crores.

I want to highlight that in this negative INR 55 crores in the previous year, we had a provision for doubtful debts of about INR 44.5 crores, something that I had also spoken about at the AGM and covered in my report, which is linked to a particular contract that we were working on. So this is just to call out that this number has a significant contribution from there. And these are the numbers that we have reported for this financial year. So INR 712 crores in revenues, INR 13 crores in EBITDA and close to INR 6 crores in PAT.

So with that, I have completed my presentation. While this was sent to you, since this is the first time we are interacting on such a platform, I thought it'll be good if I walk you through this presentation. I hope it has been useful. I would love to answer any questions specific to this presentation or any other questions that you have in mind.

Just to share with you that we, at DiGiSPICE Technologies, are committed to this journey of constant communication and sharing information with you, which can enable you to get a better perspective of what we are excited about and what we are building at DiGiSPICE Technologies.

Thank you so much for your patience and for your attention. And with that, I'll hand back to Gavin. Gavin, over to you, please.

Gavin Desa (Moderator)

Thank you, Dilip. We now like to commence the Q&A session.

We could take the first question from Pritesh Chheda. Pritesh, can you go ahead?

Pritesh Chheda

Thank you for the opportunity. My first question is from your presentation, the GTV is about INR 82,000 crore and you have about 12% market share in AePS. Is it fair to assume that the Aadhaar-based payment is about INR 24,000 crore, INR 25,000 crore? I want to understand what is the residual, which forms a part of that INR 82,000 crore GTV.

And when you do the business, so a part of it is commission, however we see in your P&L, cost of goods as also line-item as cost. So just want to understand, in the Spice Money business, what is the gross margin that you would have on the transaction process? And what is the fixed cost of the platform? And when you scale it up from whatever numbers are today, how does the cash flow, the profitability angle of the Spice Money platform look like? Thank you.

Dilip Modi

Thank you so much for your question. So, Pritesh, on these two points, as far as the GTV of INR 82,000 crores is concerned, Pritesh, as I outlined in the presentation, the GTV is a function of fundamentally multiple transactions that happen on our platform. These are transactions by the customers, but also transactions by the Adhikari. So there are two sets of transactions, customer transactions and Adhikari transactions. You're right that when we look at an average market share what we've closed last year about 14%, looking at an overall market size of about INR 2,00,000 crores, you can understand that the AePS segment is in that region that you indicated.

So I also shared with you some of the other numbers, like for example Mini ATM, I shared with you that we did about over INR 8,000 crores in last financial year. So a combination of all the products that we have on the platform constitutes the rest of the GTV. We do not report product by product, because we are in a build-out phase. We have called out the major products like AePS and Mini ATM. And as we see each of the other products scale up, we will be able to call them out as well.

So that is something that we will share as we go along. Our main focus right now is to drive market leadership in the AePS space and Mini ATM we believe is a complementary product to that.

As far as gross margin and fixed cost is concerned, Pritesh, like I mentioned, what we have is, once we've deployed the platform at the Adhikari end, and we've acquired the Adhikari and on-boarded them on the platform, effectively our absolute gross margin is driven by transactions that happen on the platform across product lines.

So, when we think of the whole business model, you've got transactions linked revenue that can grow. And then, we have got the gross margin that comes from there. Below the gross margin, we have a fixed cost that doesn't grow in proportion to the growth in revenue.

The fixed cost is mainly in terms of the people and technology infrastructure, which we have invested in, the last financial year. But it is not something that will grow commensurate to revenue and that's why we call it out as operating leverage. So for us, at Spice Money, when we think of gross margin, it is basically payouts that we have to our channel partners, and also the revenue shares that we have with our partners.

So this is something that we will continue to focus on, it's also a function of competitive landscape. But there is operating leverage in the business, Pritesh, and the fixed costs will not

scale in line with the growth in revenues. So broadly, that is what I can share with you right now. As we go forward, as we build quarter-on-quarter, we'll be able to share with you how we see this operating leverage play out. Thank you.

Pritesh Chheda

So, sir, from a transaction perspective, when you're trying to look at one of your slides in the offerings that you have today, in incremental offering, so most of the offerings are financial offerings, or that was only meant for the Bharat app? In case of your Spice Money Adhikaris, all of those transactions are available, which is insurance and whatever you are talking about or – so the residual GTV is actually all those transactions which the Adhikaris tend to do beyond the ATM and the AePS transaction. Is that correct?

Dilip Modi

No. So, Pritesh, right now, if you look at that presentation, which has what we're calling the Phygital Super App for Bharat, we've called out the services that are live and mostly, those are the services that are contributing to growth in GTV. But having said that, we have pilots that are running today around some of the other products, and the reason we are not calling out specific GTV numbers for those products is because they're still at a pilot stage. All these products, Pritesh, are meant for rural India to be delivered through the Adhikari, Pritesh.

So ultimately, we are expecting the Adhikari to not only deliver these ATM and payment services, but also other financial services and digital services. So we will look to grow all the services on the platform, because it helps customers around them, but also helps them drive up their earnings.

Pritesh Chheda

Okay. I have two questions, last two. One on the Spice Money, when we look across, there are so many payment options now and I don't want to name them, obviously, you know it, whether it's ad-based or whatever. So where do we look at Spice Money? What is unique? And where do we head to, because there are so many of them, there is Paytm, there is PhonePe, there is Google Pay, then God knows how many types of pay, then there are individual bank apps. So where do we actually see ourselves both scalability-wise and also cash-flow-wise?

Dilip Modi

Yeah. So, Pritesh, thank you so much for asking this question, because this is the first question that comes in everyone's mind, when we talk to them about Spice Money that where do you stand vis-à-vis all these payment platforms scaled up with deep pockets and all of that. So let me start first of all by telling you, Pritesh, that our first differentiation is the geography that we are focused on.

We as a company, as a FinTech player, are focused on rural India, Pritesh. It's very important for us to understand that distinction, between all these payment platforms that you mentioned, in terms of where they are focused, because when we think about a product business or a platform business, it first starts by defining your customer, , because you are building for a customer.

And a customer in rural India, given the stage at which they are in terms of the access to the kind of services they have, digital literacy, financial literacy is a different customer. And we have to build for that customer. So, today, a lot of these platforms, Pritesh, that are building out are B2C platforms that are building out for customers, which are digitally literate and can get comfort very easily with all these pay-yourself kind of products.

You can imagine that today a customer in rural India, who can't even access his bank balance, forget transact digitally on the phone himself, even if he gets a smartphone, it's a journey. And so today, the first differentiation that we have, Pritesh, is geography and customer definition. We have focused on the blocks and villages in India, while everyone else is focused on the top 200 cities in India. So that's the big distinction. In the banking parlance, if you think about it, you have the large banks and then you have the microfinance, NBFCs, completely two different ecosystems. We are focused on the rural ecosystem, right. That's the first differentiation.

The second differentiation is that we are working with merchants in semi-urban and rural India. One of the big things we see in semi-urban and rural India is this fact of community, and you need to be able to build a trusted ecosystem.

Today, even when someone has to take a loan or someone has to be able to buy an insurance policy, they need assistance, they need guidance. So from being able to give them access to cash, which is a physical product, how do you tap into a community ecosystem where people work on trust? And so today, the Spice Money Adhikari ecosystem is that trusted platform for the consumers in that village and in that community. That is the second difference that we are working on.

The third is using this platform, which is built on trust, and understanding of that customer base around them, which the merchants have, because they live in that community, we are able to innovate on new products. And whatever you saw in terms of what we launched is built on our understanding of that ecosystem. Now, someone who's building for urban India, top 200 cities, yes, they can come and service that customer there as well. But it's a different customer with a different need-set. And our solution is very different, right?

Our solution is a phygital solution. It involves both a digital platform that we enable, because we are enabling everything through digital and technology for the merchant but ultimately, there is a physical engagement that the merchant has with the consumer. So there is a big difference around geography, customer focus, product focus, and the whole concept of us building a combination of people and technology, right. Almost all the examples that you give, Pritesh, is only around technology, it doesn't have an element of people in it.

To close on that, Pritesh, what I believe is or what we believe at Spice Money is that we are building a platform to serve the needs of consumers across the spectrum. And if you see, we called out healthcare, retail the growth of mHealth, the growth of e-commerce, it's all growing. But is it reaching rural India? The answer is no.

And we, at Spice Money, are committed to making sure that all these services that can be put on a digital platform are reaching India, not just to the consumers, but also through a trusted network of Spice Money Adhikaris in that community.

So there are significant differences in which we are building out the model. And to answer your question on cash flows, we've already demonstrated in the last financial year that as the GTVs have grown, operating leverage has delivered EBITDA growth. So we are not talking about a business model that is negative on economics. We're talking about a positive unit economics that can deliver profit and it has delivered it in the last financial year.

The reason we called out direction that we want to reinvest these earnings is because the future headroom for growth is significant. We want to create these barriers to entry going forward, in terms of scaling up our networks, scaling up the products on the network, and driving more and more use cases.

So all I would say, Pritesh, is we do not see these players working in the ecosystem that we are working, and we are working in an ecosystem where we can not only deliver services, but also make money.

Gavin Desa (Moderator)

The next question we take is from Nikunj Doshi

Nikunj Doshi

Thanks. In your presentation s, Mr. Modi, you mentioned that average gross transaction value per Adhikari is some INR 20 lakh. So, can you just give some kind of idea as to what this comprises of, this INR 20 lakh rupees? Means, what are the different components of this INR 20 lakh gross transaction value? And what is the commission earned on each of these streams?

Dilip Modi

Thank you, Nikunj. Nikunj, this number of about INR 20 lakhs is for the year and this is on an average. So we've taken the opening base, the closing base, and taken the average, and then the GTV per that average. So that's the basis of the calculation.

Nikunj, this is actually a function of the basic GTV profile itself. So what I just answered earlier, that for the Adhikari, if you look at – this is for the year, so if you look at on a monthly basis,. He's doing so many cash withdrawal transactions using card. He's doing so much airtime top-up. He's doing so much bill payment, electricity bill, gas bill, DTH bill. He's also doing travel

booking, train, bus, hotel, right. So, all these transactions are accumulating into a monthly number, which we have presented as an annual number, right.

As far as earning is concerned, it is transaction linked. So he earns per transaction. And it's different for each product line, Nikunj. So it's very difficult for me to call out on each product how much he earns. But suffice to say that the growth in the network that we've seen in the last one year demonstrates that there is a significant earning opportunity for merchants in rural India to come onto this platform and drive transactions. So our goal is to bring more and more products on this platform.

I hope I'm able to answer it, Nikunj, that if you say what is the profile of those products and the GTV, it is actually in the presentation I showed around basic banking and payment services and travel services. I think those, combined together to get the GTV for the month, and the annual number, which is what we've called out.

Nikunj Doshi

And what would be the reason for significant growth in airtime sales revenue in FY 2021's INR 137 crore to INR 362 crore?

Dilip Modi

So Nikunj, again, this has been a result or one of the contributors to this has been the pandemic, right. What has happened during the pandemic, Nikunj, is lockdowns, right? And our Adhikari today, because his core business is basic banking, he's labeled as an essential service provider, so he's able to open shop to deliver basic banking services to the customer, because you can't have banks not open, right? So, because of that, we are seeing that while customers have come here to withdraw cash, they've also started using the same point to do top-up. And it's been a major footfall driver, right?

So like many other shops being closed to earlier doing top-up, we've seen a growth in top-up happening at our Adhikari points. So actually the last one year, our Adhikaris have become destinations, not just for cash withdrawal, but also telco top up and that's translated in the growth in the GTV number. So I believe that the pandemic induced lockdowns have contributed to growth in telco recharge on our platform, because our Adhikaris offer essential services and therefore can keep the lights on.

Nikunj Doshi

And you also mentioned that these Adhikaris can act as a conduits for a transfer of money by, say, collection agents and other things. So how does that system work, because ultimately your Adhikari will also have to deposit it in bank for you to enable the transaction so.

Dilip Modi

Yes, Nikunj. So what we are doing is, the way we are working out this product is that, amongst all the Adhikaris we have, we have segments of Adhikaris. Some Adhikaris were able to invest also. So the way this works is that when a microfinance representative goes and collects cash in a village and comes and deposits it in the Adhikari, then of course the Adhikari has to have enough money in their bank account to be able to transfer to the enterprise. So we have called out within our Adhikari base, Adhikaris who are able to do that.

We also have a partner ecosystem, our distributors who work closely with these Adhikaris. And so, there is a way where we can ensure that there is money available to the Adhikari to be able to accept the cash. And the way this works, Nikunj, is actually beautifully because the main product that the Adhikari is doing is cash withdrawal, right?

So what he is normally working on is customers coming to him to take cash, okay? And what we are offering him is, these micro-enterprises coming to give him cash. So he's able to rotate the same cash as well, right? So at the end of the day, it becomes a very nice cash-in/cash-out kind of ecosystem that we are able to create within that village for him.

So, I think, as we go forward and demonstrate to the Adhikari, the earnings available in this, there are also models that we are creating of how to make cash available and things like that as we go forward. But I think the fact that he's mainly working on a cash withdrawal product and with the microenterprise we've introduced the cash-in product, the two products are very complementary to each other. And therefore, as the cash-in grows, the cash-out also grows. And all of that happens on our platform.

Nikunj Doshi

And just last one from my side. Over, say, next 5 years, where do you see the business emerging, means how do you see the business emerging? What's your game-plan like, say, over 5 or 7 years, where do you see this company?

Dilip Modi

Nikunj, are you talking specific to Spice Money? Are you talking overall...?

Nikunj Doshi

No, overall, as an enterprise, DiGiSPICE company?

A - Dilip Modi

So, Nikunj, as DiGiSPICE Technologies, we are focused on this whole trend of digitization, whether it's the rural ecosystem or the enterprise or the telco ecosystem. So where I see us 5 years out, I believe that digitization is here to stay, here to accelerate, here to grow. I think we at

DiGiSPICE Technologies are committed to investing in behind all these platforms we are building, whether the Spice Money platform, the Korero platform, or the Digital Telco platform.

And so I think, Nikunj, the way I see it is that there is significant headroom for growth. So our focus is to keep building a fundamentally sound business, because you've seen us call out the fact that we are a positive unit economics business in our platform like Spice Money, which has scaled. So we believe in making sure that we can build a fundamentally sound business. But the next five years, Nikunj, we're going to focus on growth and we're going to focus on whatever investments it takes to drive growth, because we believe that the opportunity is to really grow the reach of our platforms and penetration and adoption of our platform.

So that's what I think the next 5 years are going to go in, basically investing behind adoption and growth of our platforms.

Gavin Desa (Moderator)

We'll take the next question from Dinesh Kotecha

Dinesh Kotecha

Yes. Good afternoon, sir.

Dilip Modi

Good afternoon, Dinesh.

Dinesh Kotecha

I'm very happy to see that the entire team of your DiGiSPICE is there on the video today. So, nice to see, sir. Sir, I have some questions. One is we had a long jump in 1990 to 2020, but the jump was little smaller in terms of growth from 2020 to 2021, because of the pandemic and all those problems.

But I would like to know with wafer-thin margins, aspiring growth plans, Adhikaris, they come and leave or whatever, I mean, how do you retain them, returns on capital employed. I mean, learning from the slippages or pitfalls that you have done in the last 2 years, can you share something about that?

Dilip Modi

Thank you, Dinesh. I think it's been a journey so far, Dinesh, full of learnings. We are learning every day. It's been a journey wherein it's been very gratifying that while people go through these struggles, we are able to serve them in terms of giving them access to cash. So on your first point of retention of Adhikaris, Dinesh, I think first thing we're doing is making sure that we give him

an opportunity to earn an income during these tough times, and keep making sure that we can add more products on the platform so that his income can be driven up.

So a basic goal, a basic driver of retention is growth in earnings. If he makes money on our platform and keeps making money, he will stay on the platform. So the focus is on driving transaction and earnings for the Adhikari. That is our goal, right?

So at the end of the day, he's an entrepreneur, he wants to serve and earn. So our goal is to make sure that he earns. Now, the good thing with having a digital platform is that we are able to track how is he doing on the platform? What is the product he's able to deliver? What are the products that he's not able to deliver? So, one of the learnings that we have come out is that we need to invest behind training.

If tomorrow I want to use this Adhikari to sell other financial products, which are more complex, then I have to train them, provide them with necessary tools. So things like that we have to focus on, to make sure that we invest behind training, we make sure that we also get feedback on the back of which we can innovate further.

So I think, overall, we are learning every day. And to me, I think what excites us is that this Adhikari family that we've built are with us to create products for our consumers. And I think that is what is most exciting.

And what we have done, for example, just to share with you, on our platform, we've created what we call Spice Money Adda, on our app. Now, what is Spice Money Adda? This is a platform for the Adhikaris. So, for example, in a village in Orissa, some Adhikari was able to sell a particular plan or do a particular service, he puts up a video on our Spice Money Adda, which other Adhikaris in UP are able to see and learn from.

So this is becoming a community of merchants who are learning from each other. We are learning from them. And they're sending us pictures, how they are going on their bikes with the masks to give cash during this pandemic period. I'm telling you, I've heard so many stories that I fundamentally believe that the impact we're creating on the ground is so gratifying, right? It's not just about the money, it's really about the impact we are creating on the ground, Dinesh.

Dinesh Kotecha

Sir, I am very happy about the reverse development that is taking place. That is from the rurals you will ultimately come to the cities later on. But what I'd like to say is that going forward, do you have a plan to make DiGiSPICE a small bank also? I mean, are you envisioning that long-term? Is it at the back of the mind to become a bank?

Dilip Modi

What will happen tomorrow, I can't say. But today we see ourselves growing as a platform business. So, like today, we are partnering with lots of banks and NBFCs, because all of them

want to reach out to consumers in the area we are serving. And therefore, we can partner with them to deliver that.

So, see there are two kinds of models, one is a bank business, the other is a platform business. In a platform business, you can work with multiple banks, you work with them to create products. When you become a bank, it is a different ecosystem, in terms of regulation and all of the other things.

Going forward, I do not know how the space will evolve and the opportunity within the space will evolve. But for now, I would say that we are very excited to just keep scaling up as a platform business. And that's what we are committed to in which banks and NBFCs are partners for us to grow.

Dinesh Kotecha

Sir, can you share your experience with the Asia and Africa expansion of the platform of Korero?

A - Dilip Modi

So, Korero, Dinesh, is a platform we've just recently launched. This is a launch that we actually did just last week. We've been working on this platform last one year, because of the acceleration that we saw in adoption of digital channels. What I can share with you is that we've got over 25 good partners in telcos in Africa and Asia. These are customers of ours, telecom operators to whom we are delivering lot of mobility solutions.

So we believe that with Korero platforms, we have an opportunity to work with them to serve their enterprises and their economy. So, over the course of the next year or two, we will be taking Korero platforms to all our customers and partners in these different markets and we will come back and share with you the progress that we make there.

Dinesh Kotecha

Sir, any major weakness that you found in the entire journey up till now for the last 5 years, I mean, just like 5 years, not earlier than that, because we started 4 years ago? And, I mean, how do you see this? Any major weakness, which you have overcome actually? That is what I would like to listen from you, sir.

Dilip Modi

Dinesh, the biggest challenge that we've seen over the last 5 years is that we were working in an environment where we were working, for example, with telcos, in the VAS space. And that space changed dramatically. So we had a big shift in our revenue and earnings in the last 5 years. So that was one big challenge which I've shown you in the way our revenues dropped in the telco business.

The second big challenge is that, and this happened even during this recent time, that we had to make a lot of provisions, because in a B2B business, suppose we find that the enterprise is facing some challenges in terms of cash flows or whatever, it comes back and hits us. And so, we've had to make a lot of provisions for those kind of challenges, which came up in the last 5 years.

So we have seen that, as we have grown, challenges have come along with growth. And so, whether you call it a challenge or a weakness, I think we are trying to make our business model more and more robust to these challenges for going forward, trying to make sure that we can keep our receivables more in control, we can make sure that we work with partners who we feel confident in terms of financial soundness and all of that. So, we are learning from our challenges, but there have been many and I'm sure there will be many in the future.

Dinesh Kotecha

Sir, last question of mine. I mean, from gear 2 to gear 3 to gear 4, I mean, what timeframe do you give yourselves? We are into second gear, let us say, then gear 3, I mean, then gear 4, what timeframe do you give, 3 years, 4 years? And how would you define that?

Dilip Modi

In terms of what?

Dinesh Kotecha

Period, time period, I'm just talking of 2030. 2030 is in my mind, sir. When you will be in top-gear? As per your strategy, I'm just analyzing your strategy, sir, trying to, I mean, basically.

Dilip Modi

Okay, 2030, so you're talking like 9 years out, Dinesh. I feel like in the space that we are...

Q - Dinesh Kotecha

On the basis of how we are growing, the exponential growth that we have seen in the last two years, so in that respect, we will be in the top gear by 2030.

Dilip Modi

We don't know whether this growth will continue in the pace at which we have seen in the last 1 year. Last 1 year has been a lot of tailwinds that have happened. I don't think year-on-year, we will keep growing at this pace. I think the pace will slow down, because the ecosystem is changing. But one thing that I can say is that the way we have begun this journey, we will not stop.

Dinesh Kotecha

How do you look at the upcoming competition?

Dilip Modi

My feeling is competition, we have always worked in spaces where there's competition. In fact competition drives innovation, Dinesh. I have seen that when you have competition, it forces you to innovate every day. You can look at any technology company.

Dinesh Kotecha

Sir, there is one small phrase which is proper for you, to succeed is to struggle, to struggle is to refine, to refine is to elevate. Now, I would like you to elevate to the highest position by 2030, sir. That is my wish, and wish you all the best, sir, and your team, sir. You are doing a fabulous job, b. And the presentation was excellent, I mean, just excellent to understand the business model. Thank you, sir.

Dilip Modi

Thank you, sir. Thank you so much.

Gavin Desa (Moderator)

I'll just take some questions which have come on the chat before we take the next audio question. I will combine these: What is so unique about our model? And who do you define as our competitors? And what is our edge over our competitors? And also, what is the strategy to capture an Adhikari in a more sticky manner for loyalty?

Dilip Modi

There are 3 parts to the question. Some of this I've already spoken about, but maybe I can quickly summarize again. On the uniqueness of the business model, what makes our business model very unique, is we are focused on small towns and rural India. in terms of geography, customer profile and customer need.

What makes us unique is that we are enabling our network digitally, which has both a digital engagement through our platform, but also more importantly, a physical engagement with the customer, so we are calling it a phygital model. So that's what makes us very unique.

And what makes us unique is we are constantly looking to innovate on products, which service the needs of the rural consumers. And therefore, our journey will continue to be built on the back of innovation. So it's not just one thing, but multiple things that we do. And that's why we see ourselves as focusing on driving innovation on the platform.

And that is why with the vision with which we are building, it's very difficult, very honestly, for us to define clearly who our competitors are. We have competition, of course, in every segment of the business that we are in. But I think the vision with which we are building to cater to the needs of the rural consumer as a platform, that's what we are focused on.

There was a question earlier, which came about some of the large payment companies that are working. We believe that our focus will continue to be in rural India, continue to serve the customers of rural India and use this combination of Adhikari network working closely with the customers across the spectrum to be able to serve.

I think as we innovate on products, it will drive stickiness of Adhikaris on our platform. And that is the strategy that we have. The flywheel that I showed you in terms of driving transactions, driving data, driving innovation and driving new products, that is our strategy for driving Adhikari retention, because the more we are able to innovate and give relevant products to the Adhikari for consumers around them, the more they will stay on our platform and drive transactions and drive earnings for themselves. So I think we truly have a unique model catering to rural India.

Gavin Desa (Moderator)

We've some questions from Neerav Dalal and Rishu Dhawan: For every rupee GTV, what is the unit revenue for Spice Money on an average? And any plans of integrating the CoWin booking with Spice Money app? This will be a great national service.

Dilip Modi

So I'll come to the second part first. Did you mention CoWin?

Gavin Desa (Moderator)

Yes. Integrating the CoWin app and helping in the vaccination drive, is there any plan or anything we've done on that front?

A - Dilip Modi

One of the things we have already started doing is on our platform we are already offering a redirection to CoWin. So we have already enabled on our platform, consumers in rural India to be able to, at the Adhikari point, get themselves an appointment booked on CoWin. So our Adhikari today is serving as a point, where consumers are able to book for vaccination on the CoWin platform, while many of them do reference. But at the end of the day, we are working very closely to make sure that we can build awareness, as well as onboard them onto the CoWin platform. So we have already started on that journey. And we believe that this is something that we will continue to work on, on such initiatives, because the Adhikaris are very much there in the ecosystem.

Now coming to the other point in terms of how much earnings we make, basically the data that we've shared is around the overall GTV that we are doing, the revenues and the EBITDA. Because it's coming through a combination of products, it's very difficult for us to do an average, because our earnings are product by product. So if we do an average, that average will keep changing based on the product mix at an Adhikari point.

So what I would encourage us to look at is our growth in GTV and our growth in transactions to begin with, which ultimately will translate into revenue and EBITDA. So I would encourage that if we were to look at the business in its absolute earnings, because the adoption of the products is different Adhikari by Adhikari. So it's very difficult for us to pinpoint how to average it out today because we are still in a build-out mode.

So right now, we're just wanting to talk about the overall numbers and as the business matures, we will be able to go into finer detail.

Gavin Desa (Moderator)

And there is also: If you can share something on your outlook for personnel and employee costs in both verticals, given that you are building a team. And also are there any plans on the customer experience as a service? Globally, Twilio is trying this. You get a feedback message after the customer care caller has called you get a feedback message on WhatsApp asking for rating. Is there something similar that we do?

Dilip Modi

So on the first point of employee cost, as you can see, we have seen a growth in terms of -- if I look at our overall employee cost, we have invested at Spice Money in terms of the number of employees in the field, as well as in our technology organization. So this is something that is in line with the growth of the business that we have seen at Spice Money.

In DiGiSPICE, actually, we've done more rationalization, where we are focusing more on digital skills and capabilities. So it's been a more of a reskilling and reorganizing along those lines.

I think, going forward, there will be specific areas that we will invest in when it comes to employee costs, new capabilities that we need to look out for, as well as at Spice Money, as we scale up the network, just to make sure that in our physical engagement model, we have enough feet on street to be able to engage with our partners and Adhikaris. We will be looking to see as we deepen our district coverage, there will be investment in employee cost as well. So, we will show you how that number moves.

I think in the last financial year, we have seen a reduction at our Digital Technology Services business, while a growth in our Spice Money business. So, overall, you can see the numbers at employee costs. But going forward, directionally, I believe that at Spice Money, we will continue

to invest to some extent in line with growth, after which the operating leverage will start to play out.

In terms of customer service, absolutely, this is one area that we definitely feel is getting automated very, very fast. I gave you the example of call centers during lockdown getting shutdown, being replaced by digital platforms for customer service engagement and calls. We ourselves at Spice Money were among the early players to adopt a digital platform to engage with our Adhikaris when our call center was shut down.

So I think customer service is a huge segment when it comes to automation. And I do believe this is one area as Korero that we will look at going forward.

Gavin Desa (Moderator)

We'll take the next question from Gaurav Parekh.

Gaurav Parekh

Thank you. Yeah. My question is that, as we talk about more growth expansion and expansion of the Adhikari network. So are there any future plans of demerging the Spice Money business as a whole and bringing in more funds in that vertical?

Dilip Modi

So, Gaurav, thank you for the question. As you know, Spice Money is already a separate vehicle. It's a subsidiary of DiGiSPICE Technologies. So it's a legal entity of its own. So the Spice Money business is being done in a company, which is a step-down subsidiary from DiGiSPICE Technologies.

To your question of fundraising, Gaurav, this is something that so far, we have seen that as we have accelerated growth on our platform, we have been able to earn and we are reinvesting that earnings into growth.

But given the opportunities in this landscape, as we've been discussing, they will evolve. And in that context, there might be a need or opportunity to raise capital. At this point, we do not have any formal plan that we have brought to the Board. But as we go forward, because our focus is on growth, whatever initiative are needed to back growth, we will take those initiatives and make sure that we take them in a timely manner.

Gaurav Parekh

Okay. So my second question is that, are there any plans for launching a prepaid card service of wallet banking which is in trend now?

Dilip Modi

Gaurav, I can't share with you specifics because of competition sensitivity, but let me tell you this that innovating around payment products is something that we are committed to. And as you know, we are also a PPI license holder. At Spice Money, we have a PPI license granted by RBI. So, that's all I can say at this point, Gaurav.

Gaurav Parekh

Okay. So recently the RBI had made a good move regarding the wallet banking stuff, making it very lucrative for the players. So, I just wanted to know that any future expansion on that front, launching a wallet service for the small towns?

A - Dilip Modi

So I think, Gaurav, given the fact that we have a PPI license and what the regulator has taken in terms of actions, you are absolutely right. I think they are making it more and more open and interoperable and allowing cash out from the wallet and all of that from the card. So they are making it more and more attractive. So as a PPI license holder, those options exist for us. And as and when we finalize our plans, we will share them with you.

Gavin Desa

So, we'll take the next question from Ajay Goel

Ajay Goel

So one question is, are you looking for gaming as a separate vertical?

Dilip Modi

So Ajay, for us, in the digital entertainment platform space that we are working with telcos, gaming has a very big role to play, because if you look at digital content consumption, gaming is a huge vertical, right? The amount of content being created on gaming worldwide is growing significantly. And all kinds of games are happening, of AR, VR. The gaming space is full of innovation. So for us, we have called out gaming.

When you say separate vertical, I would say it's definitely a product category that we are focused on. And today, while we are growing music, we are also investing behind video and gaming. So I think gaming is an area that we will be working closely with our telco customers in different regions to grow, because it's again something that end consumers are looking for. So, it's not a separate vertical, but definitely a product category that we will focus on.

Ajay Goel

Okay. My second question is, what is your revenue and EBITDA projections for FY 2022?

Dilip Modi

So, Ajay, at this stage, I can share with you that our focus to begin with is to – because these are the lead indicator that we are focused on, Ajay, is right now to scale up our Adhikari network. And we've seen the corresponding impact on GTV and revenue. We are hoping that we can accelerate our network to the extent that we can double it in the course of the next 2 years, let's say.

And I think the commensurate impact on revenue and EBITDA, we will share as we go forward, because as we are in a build mode, Ajay, a lot of things that we do will have different impact on revenue and EBITDA. So it's very difficult to forecast out in that manner. But given that our focus is on network growth and service portfolio expansion, as we scale that, it will reflect in revenue and EBITDA.

Ajay Goel

Okay. My next question, see, for every company, one of the objectives is to increase shareholder value. And we are talking about now expansion in terms of revenue. Now, this is a question as well as a suggestion that QIP, you should think about QIP, because I think opportunity is very high at this moment for next 2 to 3 years and you really need funds to grow exponentially, to increase your Adhikari network or to increase your people who are in field and all those things, because once you raise QIP at certain price, definitely, company valuation will also increase. So it is a win-win situation for shareholder as well as for the company, because many FinTech companies, are raising funds time to time, but I have not seen in DiGiSPICE. So, that is what my suggestion is on QIP or fundraising.

My last question is on cost of goods and services. In FY 2020, when your revenue was INR 407 crores, your cost of goods and service procured was INR 136 crores. But in FY 2021, your revenue increased 75%, but cost of goods and services was increased by 177%. Is there any reason for increase? And are you planning for any steps to control these kinds of expenses?

Dilip Modi

Yes. So, Ajay, first of all, thank you so much for that suggestion, and we will definitely take it on board. On your point of cost of goods sold, Ajay, I would like to draw your attention to the fact that the revenue profile of the INR 407 crores versus the revenue profile of the INR 712 crores has also changed, because we are in different segments of business. So, one is the share of the Spice Money revenue, second is the share of the enterprise revenue and the share of the telco revenue. So, in line with the shift in the revenue profile, the COGS and the underlying gross margin has moved.

So effectively, that is why where I was trying to draw attention is to focus on revenue and EBITDA, because we are in a build mode and we are building each of these segments. But effectively if I just compare the last 2 financial years, Ajay, the reason the cost of goods sold have moved higher than in proportion to revenue is because of the change in the product mix in the revenue.

So, having said that, our focus is always on cost efficiency, so at the end of the day, for each of the product segments, we will constantly focus on driving cost efficiency. So that is going to be a constant journey for us at DiGiSPICE, but the shift is because of the change in product mix, Ajay.

Gavin Desa

We will take the next question from Aashiesh Agarwaal.

Aashiesh Agarwaal

Hi, thank you so much for the wonderful presentation and the opportunity to ask a few questions. So there will be a bit of overlap in our questions and a couple of questions are a bit of a follow-up. So I'll take them one by one. So you mentioned about the gaming opportunity. So the way I understand your business from the discussion that we've had today is that it is a provision of digital services through your Adhikaris.

And you mentioned about the gaming as an opportunity. So when a villager who is looking for some digital entertainment, and he goes to the Adhikari, I mean, how does he really use the gaming, I mean, how does he actually play a game? And, I mean, that's something that I wanted to understand as a follow-up.

Dilip Modi

Ashish, I just want to clarify, , because when we talk about gaming, we are not talking about the gaming opportunities, specifically with respect to the Spice Money platform and Spice Money Adhikari. When we are talking about gaming as an opportunity, we're talking about partnering with telcos, to be able to enable games for their consumers.

So this is a separate segment of business that we are focusing on., To draw your attention on the presentation which shows the different financial services and digital services that we are enabling at the Spice Money Adhikari point, which is not so much about entertainment, but around other utility services.

As far as gaming is concerned, we are focused on that today we see that, in general, across markets because we are working with telecom operators in African markets and in Southeast Asian markets and South Asia markets, and what we are working with them is to deliver digital content to their consumers, starting with digital music, games, videos, and all that.

So what we are focusing, when we talk about gaming, is basically working with telcos in different regions, , as a content aggregator and a service delivery platform provider around games.

So, that is what our focus within the gaming vertical.

Aashiesh Agarwaal

Got it. Thanks. So the other question that I had was with respect to your profitability. You did mention a very strong revenue trajectory for the 2 years and like, of course, you've been going in the past couple of years as well. Any thought as to like by when do you expect the company to start getting EBITDA positive?

Dilip Modi

So, Ashish, we are EBITDA positive even today. At a company level which is in the consolidated financials for you to see. So at an EBITDA level, , we are already positive, as a company. I think, going forward, our focus is on growth and focus is on requisite investments to drive growth. So that is where I would encourage us to look at. But specifically on your point on EBITDA, we are already EBITDA positive.

Aashiesh Agarwaal

Okay. And the next question would be on the penetration. I mean, you may have covered some bits in the past, so I mean – but do forgive my repetitiveness. In terms of penetration, I mean, how much do you think you're penetrated and how much runway do you have before you can grow further in terms of penetration?

Dilip Modi

I think you're talking specifically in terms of the Spice Money network.

Aashiesh Agarwaal

That's right.

Dilip Modi

So if you see, one of the metrics that we called out is number of dense districts. We are saying number of Adhikaris per 1,000 rural population. So there if you see, we closed last financial year about 140 dense districts out of over 700 districts. So there is still a significant headroom of 560 districts, if you can observe from that metric for us to grow.

So there is a significant headroom for us in terms of driving deeper penetration of our Adhikari network deep into semi-urban and rural India. So that's the headroom that we are talking about, 140 dense districts over 700 dense districts.

Aashiesh Agarwaal

In terms of your technology backbone, obviously, I mean, you have been handling a very large amount of transactions. So, are you satisfied with current technology where we are or do we think that we will require further investments on the technology in the next couple of years?

Dilip Modi

A very, very important question. For us, one of the key building blocks of our brand Spice Money is a stable and scalable technology platform. And that is why today we've invested behind a technology organization, technology leadership. We have got Srivaths on the call here, who's a technology leader. And we are investing significantly.

What I can give you confidence, is today, in the ecosystem of technology, there is enough opportunity to collaborate on open platforms with their scalable technology stacks. So, we are very committed.

The growth in GTV that we've seen is on the back of a significant growth in transactions. So if you see in the last 12 months, the kind of GTV growth we have seen would not have been possible if we did not have a robust and steady platform, because it actually would have not gone through, and as a result of which we wouldn't have processed that many transactions.

So this is a journey. We've been able to cater to this significant growth in over 2x to 3x in transactions. But having said that, going forward, we are continuously investing behind both an open API technology architecture as well as data infrastructure. So these are new areas that we will invest in going forward.

And I'm sure that that will enable our platform to not only be more innovative, but also deliver better to our Adhikari and the consumer. So I think the fact that we've grown significantly in the last one year is kind of giving us confidence that we have a stable scalable platform, but this is something that we will continue to build on in the coming years.

Aashiesh Agarwaal

So how much do you plan to spend on technology in the next, say, 1 or 2 years?

Dilip Modi

So right now what happens, we're basically working with a lot of scalable on-the-cloud infrastructure. Lot of costs are variable in nature. They are not necessarily fixed costs, where we are investing in hardware, machines, and all the servers and all.

It's all a scalable, variable cost infrastructure and we want to keep it that way, because transactions can go up and down, and we don't want to sit with heavy costs in our infrastructure. So I think we will basically invest more on variable cost on the cloud, scalable infrastructure. So that numbers will demonstrate in our – when you see our margins going forward, you'll be able to see the investments in technology as a percentage of revenue.

Aashiesh Agarwaal

Got it. And so, can I just have 2 last questions in?

Gavin Desa (Moderator)

Just the last question, please.

Aashiesh Agarwaal

Sure. Thanks. So, this is a, again, I'll combine both the questions. So as now that you have a very stable technology and a platform, and you're looking to grow that, certainly you will have some kind of marketing budget towards the feet on street and towards the ad spend that you would have lined up for yourself. If you could throw some light on that and also how much you've spent on technology till date, I mean, whatever that number would have been? That will be all from my side. Thanks and all the best.

Dilip Modi

Thank you, Ashish. Very quickly marketing, we had a significant impact in the last quarter of the financial year as we launched the brand. I think, going forward, we are going to continue to invest in marketing. We are still learning around areas where we can invest on digital marketing, and what is the opportunity there as well as providing for marketing collateral to our field-force and force on the ground. So we have planned for a sustained marketing budget on an ongoing basis for the rest of the year.

On technology backbone, I would say that I don't want to give a specific number, because we have invested in a lot of cloud infrastructure and a lot of tools, where we pay on a transaction linked basis. So at the end of the day, a lot of our technology investment has gone in a lot of tools and platforms, which are variable cost in nature.

So, there's no fixed cost that I can pinpoint a number to, but having said that, a lot of the investments that are catering to this kind of scale have already been made. So going forward, I think it will be more of variable costs as such.

Gavin Desa (Moderator)

The next question we will take from Ramesh Bafna.

Ramesh Bafna

Good afternoon to everybody and congratulations for the excellent presentation given. I have 2 scores of questions. One is like you have been in this course of discussion, you have been talking about segmental revenue under differential aspects of it, but your audited result, I find under the note that segmental reporting is still not applicable as such. Don't you think it is advisable to give a segmental reporting, so that at least segmental asset allocation can be understood in real terms? That would be my first question.

Second question I will just add up with that. Since you are operating mainly through an Adhikari channel, and by this thing, I feel that the network would have been a great number in terms of numbers. So do you have any option or thinking about going for a micro-lending through this Adhikaris going forward looking at so many FinTechs coming into play for that segment of market? Thank you very much.

Dilip Modi

Thank you, Ramesh. So if you look at our published financials, Ramesh, what we have done on segmental reporting is basically we held out two segments, what we are referring to as Financial Technology Services and Digital Technology Services. These are basically Spice Money and Digital Technology Services is a combination of telco and enterprise. In today's presentation, we have further broken up the Digital Technology Services profile that how much is coming from telco, how much is coming from enterprise. So we've given a further breakup of that segment.

But as such in our published results, we've got FinTech and we've got digital tech, both broken up. And we've got revenue, we've got earnings and we've also got assets and liabilities. So that split is there. I take your suggestion on board. I think going forward, we can split it further. But that is something as we see scale building up, we can further improve on the way we further segment the numbers.

In terms of micro-lending through Adhikaris, absolutely, Ramesh. If you saw in our presentation that we've called out is credit, we are going to be working on innovation around credit and we do believe that there is a need to do this. We have seen lot of FinTechs trying to innovate for credit for rural, where the ticket size is lower, the duration of the loan is smaller. And there is a challenge around collections. So we have created some very interesting credit products for our own Adhikari network, which are MSMEs in their own way. And we have done some pilots around that and we've seen some really early learnings from there.

So, absolutely, I think credit innovation is one space that we will definitely look at. And when we look at rural India, it is definitely microcredit. That will be the focus.

Gavin Desa (Moderator)

I'll just voice some questions from the chat: What has been our total investment in the platform till date? from Apurva Shah And is there any guidance in terms of addition of Adhikaris? How many have we added since the March 31, ? What is the current figure?

Dilip Modi

Okay. So if you look at the investment in the platform, at Spice Money, this is a project that we incubated within DiGiSPICE Technologies and then it went into a step-down subsidiary going forward. What has happened as far as the investment in the platform is concerned, the Spice Money business got incubated as a project within DiGiSPICE Technologies. There was a team working on it. There was investment on the ground, and then we carved it out as a separate subsidiary and moved the business there.

I think, overall, I would say that in the Spice Money business, we've invested anywhere between INR 25 crore to INR 30 crores to date overall, if I would say, just to give you an indication. In terms of addition to the Adhikaris, I think we have yet not reported the main numbers or April numbers, so I would like to hold back my views on that.

I think when we do this quarterly reporting, we'll be able to come back to give an indication on what our numbers for this quarter are.

Gavin Desa (Moderator)

And also a question, this is a combination of questions on products offered: Is there a client-facing Spice Money app? Do we have a loyalty program? And is there anything that we plan on education, on EdTech, to provide services to rural children? And is there anything on IT returns? Those are on products, in the various products.

Dilip Modi

Sorry, what was the second one, Gavin, you mentioned?

Gavin Desa (Moderator)

The first one is a client-facing app. The second is, is there any loyalty program that makes people stick to Spice Money and prefer Spice Money versus something else?

Dilip Modi

Yeah. So, I will go through one by one. On the client-facing app, as of now we don't have a client-facing app. Our app is basically for the Adhikaris. And that is the app that we are focusing on, because the end customer is a customer that is looking for assistance. And the early adopters of digital are the Adhikaris and they are using our platform to grow.

Going forward, as we see the end customers getting more comfortable with going digital, we will look at what kind of platforms we can build, which can work closely with our Adhikari platform. But as of now, our focus is on our Adhikari app.

In terms of the loyalty program, yes, our constant focus is on working on loyalty and engagement and care. And we are constantly working with our Adhikari to see how he's doing, how she's doing on our platform, what is working, what is not working, how are the transactions growing. And we constantly come up with programs to encourage them to do more transactions on our platform and reward them for growing transactions on our platform. So loyalty is very much part of our growth strategy.

In terms of education and IT returns, these are great services that we can onboard on our platform. We've not called them out on our presentation right now. But as we go forward and as we work in that ecosystem, we will learn, that what is it that we can do in these areas of education or jobs even or IT returns, and how can our platform be leveraged to make it easier for consumers there to be able to get access to.

So thank you for those 2 suggestions. I think this is something that as we learn more, we will be able to plan for, based on whatever feasibility that that we are able to work out around these areas.

Gavin Desa (Moderator)

There is one more question from Sagar Sanghvi before we take the audio questions: What yardstick or parameters would you like to use to track business growth or to track business? How does one follow the company across each vertical?

Dilip Modi

Thank you for that question, a very, very important question. So, basically, some of the metrics that we've called out in the presentation, I would love for you to work with us as we track progress around these. So like I said, the focus right now is on market share, market growth and the metrics associated with that is what we are focused on. So, growth in Adhikari network, growth in the density of the network, growth in our overall transactions and GTV, growth in terms of our market share, growth in terms of the new products that we are able to bring onto our platform, these are metrics that we would like to track as far as Spice Money is concerned.

As far as DiGiSPICE Technologies is concerned, it's about the number of customers we are serving. The new customers that we are adding, whether for our Korero platforms, or for our digital telco business, and also the adoption of the platform and the services that we are launching for these customers. Those would be the 2 key metrics that we track internally and we would love to report back on those metrics. So, these are the 2 set of metrics that we track and we would report on going forward quarter-on-quarter.

Gavin Desa (Moderator)

The next question is from Saket Kapoor.

Saket Kapoor

Thank you for the opportunity. Sir, firstly the business model is being totally governed by the regulatory authority RBI only or who are the people under which our business is regulated?

Dilip Modi

So, Saket, actually, right now, what we work is all these basic banking services, Saket, that we are offering is in a kind of an API relationship we have with the bank. So the way it works Saket is that we work with a bank, like an acquiring bank, in a kind of a BC relationship, a Business Correspondent relationship, like a corporate BC. But it's different from the typical corporate BC framework that you see that banks have.

For us, what has happened is that there are a lot of banks who have created this kind of open API banking for these kind of transaction banking services. So through them, we integrate with all the banks. As far as the regulator and all is concerned, this is all governed under the BC regulation that the regulator has. So, all the services that we provide in working with the bank gets covered by that regulation, Saketh.

Saket Kapoor

No, sir, I'm just speaking in the terms of the Customer Satisfaction Index or in case of who is going to readdress the inconvenience or the problems which customer faces, therein where is the customer going to knock the door at the end just like in case of banks, it is the RBI, the ombudsman, where is the authority?

Dilip Modi

So, in our case also, Saket, finally, RBI is the regulator of the banks and we are working with the banks. So, if tomorrow there is an issue relating to a banking transaction, it ends up there itself. So, we are governed under the same banking regulation.

Saket Kapoor

Okay, sir. Sir, as you spoke about this Adhikari strength being moved up year-on-year, what is our current number of Adhikaris and what is the cost per Adhikari, if you could give a 2-year figure and what is this cost going to be going forward also?

Dilip Modi

Saket, if you could clarify, when you say cost of Adhikari, what were you meaning?

Saket Kapoor

Meaning, sir, what is the cost per Adhikari we are paying to the business which we are getting from them? What is his earning or the cost metrics we are working per Adhikari?

Dilip Modi

So, right now, as of in March 2021, Saket, we have 576,000 Adhikaris to date that have been onboarded on our platform. As far as cost is concerned, the way we operate, Saket, is we have partners, like distributors, in every district of India. And these distributors work to onboard Adhikaris onto our platform and they earn from the transactions that happen on the platform.

So effectively, our variable cost of acquisition is zero. It's basically us, through our sales-force on-boarding partners, who help us on-board Adhikaris on to our platform. And, of course, once the Adhikari comes on our platform and starts transacting then he earns per transaction.

Yes, there is an upfront investment that the Adhikari has to make, Saket, whether in a biometric device, which is around, let's say, anywhere between INR 1,500 to INR 2,000, actually closer to INR 1500, and then also in a pinpad device, which also we have brought the costs below INR 2,000. So, anywhere between INR 3000 to INR 4000 he has to invest in the hardware, otherwise, everything else is through digital which is our app.

Saket Kapoor

Any geographical concentration also, sir, in the geographies where we are operating? Is it the clusters of UP, Bihar, Jharkhand region that are more attracting, because of the hinterlands and more of the villagers being concentrated, if you could give the geographical part?

And sir, for the balance sheet part, sir, if you could clarify, therein in the other non-current asset, last year it was INR 71 lakh, that has moved up to INR 57.17 crores. And what is the nature of this goodwill of INR 51.65 crores. These were the 2 concluding questions, sir. Thank you.

Dilip Modi

Thank you. Saket. On the geography segmentation, we are driven absolutely by the lack of infrastructure on banking, which is the maximum. You are absolutely right. If you look at the populated states of UP, Bihar and all, that's where the infrastructure is the most lacking in the rural areas. And so by definition, we've grown the maximum over there..

Having said that, Saket, we are building an all-India network. So our focus is not just to be in these states but to grow across the country. But obviously, it starts with a lot of focus in the states where the need was the maximum, given the population to ATM penetration. But if you look at the mix now, we are steadily growing across India.

So we are present across all districts, but when we grow density, it starts with north but progressively moves towards south, right? So we are getting a good balance across geographies.

On the points that you mentioned, I'll try and address the second point on goodwill. Actually, this is with respect to real estate. So the goodwill of INR 51 crores is linked to a lot of real estate linked goodwill that is captured in the balance sheet. So this is not intangible all of it. It is tangible. A significant part is tangible goodwill and on the other non-current assets, maybe we'll get back to you on that point, , but the goodwill is mostly tangible, linked to real estate.

Saket Kapoor

Right. And, sir, even on the other liability part also, sir, why that has moved up from INR 64 crores to INR 168 crores? How does that math work, sir?

Dilip Modi

Yes, I'll explain because it's a significant movement. That has happened because when the Adhikaris operate with us, Saket, there is this wallet that they maintain with us, so there is money of the Adhikari sitting in the wallet, that is reflected in those numbers.

Gavin Desa(Moderator)

We will take the last question from Argho B.

Argho B

Hi, everyone. Good afternoon. So, basically, my question is related to market performance, right? So, for me and for many others, market performance is basically an output of 2 things, one is growth and other is perception, right? So, one of my questions is related to growth and the other with perception.

My question related to growth is are there any opportunities of inorganic growth that the company is trying to explore or is exploring currently? That's one.

And the second question is in terms of perception. So, while the Adhikari network works well, it is still a pull kind of business,. So as market perception, now, you have Sonu Sood as a brand ambassador, there are investments, I am sure, which have gone there. But is there a larger marketing foray, which other FinTechs are doing?

Is there something in the plans, which will make the share of wallet of Adhikaris larger, and hence, benefit DiGiSPICE also as a company? So basically, market performance linked to growth, which is inorganic growth, and market performance related to the perception of the company as a brand, which might be more related to more marketing initiatives, or more marketing initiatives involving Sonu Sood that we might be seeing. Those were my 2 questions.

Dilip Modi

Thank you so much, Argo. I think on the growth point, Argo, right now, we are seeing so much opportunity to grow organically with respect to the market, both with the Spice Money platform as well as the tech services platform. So, our focus right now is on organic growth.

Having said that, if some opportunities do emerge, we will look at them, but right now, we are not looking at inorganic opportunities, we are focused on organic growth. That's our focus at this point. As far as perception is concerned, absolutely, I think it's so important and this is something that I just want to use this question to re-emphasize to everyone on the call that working in rural India is all around trust and goodwill, right?

It is a community-based economy. and in that ecosystem, if as a brand you cannot build trust, it's very difficult to scale. So, I feel like perception is more important than reality and perception is equal to reality there.

So, today as we build out with the Adhikari network, one of the reasons why we are able to scale is because of the perception that the Adhikari has of trust with the end customer. That is why he trusts him to give him cash when he needs it. He trusts him that when he goes to him with money to pay his bill, his bill will get paid. He trusts him that tomorrow if he has a problem where his money gets stuck, the Adhikari will help him to solve the problem.

So the first challenge that we are solving with perception is building on the trust that the consumer has with his Adhikari, because there is a perception that consumers have in rural India of not trusting product manufacturers. So at the end of the day, how do you build that trust? By engaging with people from that community.

Now, where partners like Sonu Sood and all help is because of the deep connectivity and connect with this community, especially during the last 15 months of all the efforts that he has undertaken. And because a lot of people that he sent back home reaching out to him with all their challenges and problems, because they see him keen to solve for those problems, we feel that there is an opportunity for us to build on that trust that he has and the connect that he has with consumers in that ecosystem.

So, I definitely feel that as Spice Money we are truly differentiated with the goal of building a platform that can be trusted in rural India. And that is where I think our journey will grow from to be able to build the most admired trusted FinTech platform for rural India. So, absolutely agree with you that where we are working, especially in the rural ecosystem, trust and goodwill are the 2 key pillars of growth. Thank you.

Gavin Desa (Moderator)

That was the last question. Thank you, everyone. Thank you, Dilip. If you would like to close with some comments, as we close the call, please.

Dilip Modi

Thank you, Gavin. Well, let me close by thanking everyone. This is the first time that we are having an interaction of this nature. I know this is going to be the start of our new conversational journey as we go forward. I would like to assure you that as management at DiGiSPICE, we are committed to continue to focus on the opportunities that we see on the ground.

We are committed to such platforms where we can come and try, as openly as possible, share with you what we are doing, take your constructive feedback and be able to work on that.

So I'm really thankful for all of you to have taken the time out, and come and listen to us, taken interest in what we are trying to build. We are very excited with where we are going. It's a long-term business. It's a long journey that we are on, and I'm looking forward to your partnership in this journey that we have undertaken.

Thank you so much for your faith and trust in DiGiSPICE Technologies. Wishing you a very happy time till we meet next quarter. Thank you.

