

Date: 16th May 2022

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

Dear Sir/Madam,

In continuation to our letter dated 07th February, 2022 intimating you about the schedule of the conference call for Investors/Analysts with senior management team of the Company on Un-audited Financial Results of the Company for the quarter and nine months period ended 31st December, 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.

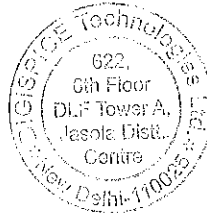
You are requested to kindly take the above on record and oblige.

Thanking you.

Yours faithfully,
for **DiGiSPICE Technologies Limited**



(Ruchi Mehta)
Company Secretary & Compliance Officer



Encl.: as above

DiGiSPICE Technologies Limited
Q3 FY22 Earnings Call
February 16, 2022

Kshitij Sharma: Good afternoon everyone and a warm welcome to the DiGiSPICE Technologies Limited Q3 and 9MFY22 Earnings Zoom Webinar. We have with us today Mr. Sanjeev Kumar, Co-Founder and CEO of Spice Money; Mr. Sunil Kapoor, Head Group Finance Risk and Compliance; Mr. Rajneesh Arora, Co-Founder and Chief Product and Strategy Officer, Spice Money; Mr. Vivek Venkatesan, CFO Spice Money; and Mr. Vinit Kishore, CFO DiGiSPICE Technologies Limited.

Before we begin, I would like to state that some statements made in today's discussion maybe forward-looking in nature. The actual results may vary as they are dependent on several external factors. A statement in this regard has been included in the result presentation sent to you earlier. We will commence the call with the management taking you through the operational and financial performance for the period under review, following which we will have an interactive Q&A session.

I would now like to invite Mr. Arora to commence the presentation. Over to you, Rajneesh.

Rajneesh Arora: Thanks. I welcome everyone to this Q3 earnings call of DiGiSPICE Technologies Limited. As you're all aware that our key focus within DiGiSPICE is to build our rural FinTech business, which is under the brand name Spice Money. At Spice Money, our approach is to keep the rural customer and rural enterprise in the center, and using digital technologies in the various stacks available, solve multiple problems of the customer.

One of such problems that, we have seen progress with this approach is solving access to banking services for the rural customer. This business we have been able to find a product market fit and are scaling right now. In this particular business, we are using India stack in general and the Aadhaar stack in particular, to be able to provide the service to the rural customers. This is a growing market and within that, we have been growing our market share.

Having said that, there are multiple opportunities and need gaps that we see within the rural India. The solutions to these problems or the opportunities require taking grounds up approach which means looking at specific problem statements in this and find specific solutions for the rural customers and that's what we are right now focusing on.

Some of these solutions are very early stage of POC and some of them have moved from a pilot stage to ready to go into scale up. We will keep coming back to you and updating you in terms of what progress we are making on those. Today's presentation is a short one very focused on the Spice Money or the rural FinTech business. People who are joining us for the first time, I would urge you to look at our previous investor presentations. There we have also talked more in detail about what our vision is on the Spice Money business and the various initiatives that we are taking around them.

Let's just begin with the presentation. As you've seen at a consolidated level, our revenue has grown to INR 248 crore this quarter, which is approximately 5% QoQ growth and 34% via YoY growth and within that, you can see that this growth is driven by the rural FinTech business, which is Spice Money whose revenues grown from INR 203 crore to INR 214 crore.

When we look at the gross margin at a consolidated level, the gross margin is static at INR 43 crores quarter-on-quarter. However, at a Spice Money level, this margin is grown from INR 30 crore to INR 35 crore. So, again, this is being driven by Spice Money.

When we look at the EBITDA at our consolidated level, we are EBITDA positive, we have been EBITDA positive for last few quarters a couple of years. And this is despite us investing very aggressively into growth of the rural FinTech business. Out of a consolidated EBITDA of 5 crore, 7 crore is contributed by Spice Money. And at the bottom, you can see that the Spice Money contribution to total revenue is now about 86% and its contribution to gross margin is about 81%. We do see as Spice Money grows further, this trend to continue which means that Spice Money is likely to contribute more and more to the overall consolidated numbers.

I would now request Vivek who's the CFO of Spice Money to take forward the presentation please.

Vivek Venkatesan: Thanks, Rajneesh. Good afternoon, everyone and a big thank you for joining this call. We hope to make this call as informative as possible.

So taking forward from what Rajneesh mentioned, Spice Money continues to be a significant contributor to the DiGiSPICE Group. So the focus of the presentation will be largely on Spice Money.

Some of these slides and presentations would look very similar to the previous quarters. This is because of the fact that we remain very focused on our business model geared towards rural India, providing solutions to the rural customers through our entrepreneur network and we continue to manage and grow metrics, which are key to our business model, which you will see in the slides that will be presented.

Now coming back to the slide. This is a slide which we presented last time. This slide encapsulates the entire business model, the current business model of Spice Money. These are some of the key metrics which drive our business model, starting with customers GTV, then service revenue, service fee from gross margin and EBDT. The key metrics have been highlighted for your reference, and then the margins below have also been highlighted.

So if you really look at it, we continue our momentum in customer on the customer GTV growth. We've grown around 13.4% QoQ and 83.6% YoY continuing with the momentum we had last quarter and in terms of the overall revenue, while the overall revenue QoQ has grown by 5.3%, the critical element to look at here is the service fee revenue which is grown by 12.1% and the reason why we look at service fee revenues separately from airtime revenue, while it is a significant contributor to revenue line,

also the margin from this business was quite miniscule. Hence we focus on service fee revenue, which is largely from the cash in and cash out transactions which the customers do on our platform through our entrepreneurs.

Now if you look at gross margin, again, we have grown at a total gross margin level. You've grown it healthy by around 16.3% QoQ and the service fee gross margin has also increased to around 10.8%. There has been an increase in indirect cost, primarily because we've been investing in growth, people systems branding, and we continue to invest in this brand, which we feel very confident about. The fact that we have been able to generate positive operating leverage gives us the confidence to invest more into this business. EBITDA has stayed flattish, and EBDT which basically considers the interest income we earn from the float money, which the entrepreneurs keep on network, that is also increased around 2%.

While we've shown EBITDA and EBDT on this slide, I want to reiterate that our focus is largely on the top-line growth at this stage, given that we are still investing for future. But the good part is despite investing for future, we continue to be positive on the bottom-line. If you look at all our key metrics in terms of margins, the service fee revenue as a percentage of GTV, service fee GM as a percentage of customers GTV and service fee GM as a percentage of service fee revenue, which are very critical to our operating leverage have stayed flattish to the previous quarter, which means that we have been able to achieve this growth without significantly compromising on our margins. Most importantly, I think a lot of this is a multitude of factors which have contributed to it.

Our growth in Adhikari base has resulted in growth in customer GTV. Customer GTV has resulted in growth in service fee revenue, and in turn margins. Like what I mentioned, this is a positive operating leverage business, generating positive cash for us to invest in our future business model.

Let's go to the next slide. So this is another slide, which we presented in the past. And the good part is that like what we said, fundamental to our business model, our Adhikari base has grown QoQ, we have added about a lakh Adhikaris in the last quarter, plus our service fee revenues has also grown double-digit. So this is the seventh quarter in succession, where we have been able to achieve double-digit revenue growth. So it's very clear indication that the incremental network that we add contributes to our business, and we are able to get them to transact on our network and get transactions from the network and also increase our revenue.

So here, again, it's a reflection of our key metrics. If you look at our Adhikaris again, we've increased to almost 100,000 in the quarter which means that we add more than 1,000 Adhikaris every day, which is a very significant number. We feel that more focus on our distribution strategy, we will be able to add this at a much faster pace, and probably be the most dominant network in the rural FinTech space.

The second thing like what we discussed, the GTV is basically classified into two which is the customer GTV and the entrepreneur GTV. The focus is on customer GTV because that is revenue accretive for us, has grown 13% QoQ and 84% YoY, the difference between the two is customer GTV is the value of transactions which the

customers do in our entrepreneur network and the entrepreneur GTV is basically what the entrepreneur does on our network primarily to move excess funds on his wallet to his bank account.

We ensured that we price very nominal so that we don't make much money from this entrepreneur GTV. Our primary focus is actually the customer GTV, if you look at the market share, we've been consistently growing QoQ and for YTD ended December '21, we are happy to state that we continue to retain our leadership position and market share on EPS, we are at 16.1%. I think if you look at the graph, it is very clear that we have been able to outpace the industry growth, right, various factors contribute to this the fact that we've been able to add entrepreneurs to our platform, we've been able to give them good service, service quality and the ability for us to generate success for the entrepreneur also has contributed to our increasing market share.

From here, I'll hand over to Mr. Sanjeev Kumar, the CEO and Co-Founder of Spice Money to talk further on Spice Money business strategy.

Sanjeev Kumar : Thanks, Vivek. Good afternoon, everyone. Thank you for joining here. I want to begin with saying that we remain very bullish on this segment of Rural India, we remain committed to building the largest FinTech platform for Rural India. And that's a story that hasn't changed and we just continue to remain more committed with time.

So while you discuss the financials in the last few slides, what I want to touch base upon here now is given the fact that we are in bullish Rural India, we continue to invest behind growth, we are very confident in the way the last seven quarters, the momentum that we've seen, we believe the opportunity is phenomenal. We believe we are standing at a very good opportunity to take a pole position here. And that's something that we want to continue and that's one of the focus areas for us as we build Spice Money, we're building on the network, we're trying to add more products and services onto the network, which allows the Adhikari to do more and more with us, which means more transactions. Hence, it's an opportunity for more customers to get service on our platform and obviously this gives us more and more data, which can help us to again redesign products, services for our consumers.

We continue to remain possibility to acknowledge business model and like Vivek said, continue to be EBITDA positive for the last seven quarters. . This slide hasn't changed, we presented in the earlier earnings call. But let me take this opportunity to reiterate this. So what are we doing? What is the business model, we are building a platform for Rural India and we call it as Digital Super App. So what does this mean in very simple words that we put a consumer in the center and we have written down all the use cases with consumer.

We put them into different buckets, there are about eight buckets that we are following like basic banking payment services, financial services, travel services, entrepreneur solutions for business, Government services, healthcare and e-commerce. We believe that if I can get all of these products and services onto our platform, and if we can build a network of entrepreneurs, while the Spice Money Adhikari is at every district, block, gram panchayat then why does the consumer have

to step out of the village? So we're trying to solve this, we've been able to get some basic banking, that is something that we have led with. It's an ongoing journey, but we've done decently well like the way numbers are showing, payments is another one that we've realized, basic payments is live. Financial services and others which are not live, will go live in coming few quarters. Travel again is a separate flow that we've done, we have identified travel as an opportunity, adjacent opportunities for Spice Money and we run that. Entrepreneur solution is another one that we have already run.

If I extend the previous slide of building a a Phygital Super App, and let me take the opportunity to explain that in simple words, on one side, there are product manufacturers, like banks, insurance companies, NBFCs, travel companies, government itself, who want to access Rural India, but are unable to access Rural India.

There is a consumer in Rural India in large segment roughly about a billion who lacks this access. What is Spice Money trying to do, Spice Money shall come in between to bridge this, using technology and using entrepreneurs? So if you look at the Slide in the center is where we come in. These are our entrepreneurs who are powered by that Spice Money App, on which on one side we are getting our product manufacturers, their products onto this platform and offer them to end customers through these entrepreneurs who are technically savvy.

Now, they are providing services to the consumers in Rural India. In simple words, this is a model. In this process, there are three building blocks which are the core of building Spice Money and first of them is what I spoke about right now this access and engagement at every district, block, gram panchayat.

Second, our technology platform again, very robust, it's an open API architecture, which means you have the ability to scale up the platform quickly, plug-in lot of products and services with you, and in this process, what we do is there's a lot of data that writes from both ends, the entrepreneurs who are doing this business with us and from the consumers, it helps us to redefine a lot of products that we want to make for Rural India as I continue to say in earlier presentation is a bottoms up business model, which means you need to design products, understanding the consumer needs there, and this is what enables are these, these are insights that give us on what are the products and services that we can build for Rural India.

We take immense pride to say that if you look at this deck, this is what represents Spice Money after a very, very professional leadership team and I would want to believe in this category, probably the finest human capital team in this space. Again, a reflection of building a set of leadership teams here whose very passion comes from strong pedigree, domain expertise, but entrepreneurship driven. Coming here to solve the problem of access for Rural India. We continue to invest in such leadership, we've onboarded few of them in the last quarter and before that, we remain committed to build a very world class human capital team at Spice Money. That's it from my side.

Question-and-Answer Session

Kshitij Sharma: Thank you, Sanjeev. We will now start with the question-and-answer session. We have the first question from Shahid Kapoor. Shahid, kindly unmute yourself. Thank you.

Q. Saket Kapoor: Thank you for this opportunity. Looking at firstly, the landscape of the business opportunity. If you could elaborate on what kind of business opportunities are there on the anvil and how is the company preparing itself for capturing the growth opportunities henceforth?

A. Sanjeev Kumar: Like I said, in my model that we are trying to solve the problem of access for Rural India. So rural India consumer did not have access to basic banking, basic payments, right. There is a segment who's not digitally savvy, who needs assistance. Not like us sitting in Mumbai who probably are digitally active and use smartphones. Most of them don't even have smartphones. Hence we started with this whole concept of basic banking and payment where when a consumer would otherwise walk to what 25 kilometers to access his basic banking of cash deposit or cash withdrawal at a bank branch. Today, he does this at the doorstep of his village. That's one likewise, today, he needs assistance, he would have to walk 20 kilometers to go to pay his bills, he doesn't have to do that, he does that at our outlet. So basic access problem statement is where we're trying to solve. We solved for few of the services, we continue to solve for more as we progress in the entire financial services domain and other digital services.

Q. Saket Kapoor: So with this, the concept which you have just articulated that we will be looking for people who are unbanked people and the people who are away from technology. But going forward, with the type of digital drive that is happening in the country for reasons best known to all of us, then with the type of digital drive that is happening in all the space with 5G and internet of things becoming reality, are they not going to be a threat to the business model going forward? This generation one can hope five years down the line there will be greater penetration of internet, there will be more people, the internet will be more affordable if they say so what, remain at these levels also, it will be very easier for the coming generation. The people who are today 10 or 11 years, when they are 15 or 16 years, using the banking facilities, they wouldn't be able to use the same to their own. So how will the differentiator happen that we will be a valid player in this segment going forward. And sir for the technological part, are we owning this technology ourselves? Or who's our technology partner. And what kind of CapEx are we doing to keep our technology updated?

A. Sanjeev Kumar: Sure. Let me answer the two questions maybe the third on technology and on CapEx I'll allow Vivek to answer that. First is the technology is ours. This is our, this is our own product, we own the technology IP, its in-house, that's number one. On the business strategy model of Rural India because of so much of digital drive happening, is Rural India going to move towards a digital economy, answer is yes. Will it move up? What time is it going to take for digital adoption to increase to a level that we see Mumbai and Delhi, time will tell, but we definitely see it not in the near future. It is going to take some time. So, we don't see a threat to our business model over the next at least 5 to 10 years. Needless to say, what we want to

assure is that whenever that change happens, we will be part of the change. So, the idea is of being a player committed to Rural India is we also wanted in some ways be part of that change making Rural India, digitally and financially independent.

Q. Saket Kapoor: Right sir. Sir for the peer comparison, can you give us some understanding of the other players in this segment who are operating with the same business model?

A. Rajneesh Arora: I think if we say that we are a rural FinTech then who is the peer? I think to me the answer is there is no peer. Okay, but if you say who are the people who are doing remittance who are doing ATM business, etc., like the kind of products that we do or the business model where there is an entrepreneur in between and serving the customer, there are many players. So, I think the key differentiator is the focus on the rural and the opportunity to go beyond what we are doing today to solve many more problems in rural, okay. Here is an example in rural, if a credit worthy person not having data to show that he is credit worthy needs a loan of Rs. 20,000 in a village. That opportunity exists in the village far more and far deeper than what it exists in urban India, because the access to infrastructure is there, right. So I think that is what our key differentiator is the focus on the rural segment. Whether it is enterprises, we are focusing on, enterprises which operate out of rural like microfinance companies and when it comes to customers, we are focused there. So from that perspective, we don't see any direct competition with that focus.

Q. Saket Kapoor: Sir on the loan part, what were you trying to explain. I missed that part of the creditworthy person in the village?

A. Rajneesh Arora: Yes, let me explain this. So what I'm saying is that, as Sanjeev said that there are multiple need gaps in rural India. One of the examples is that a small merchant in a village, if he gets a Rs. 20,000 loan, he can significantly change his earning model, right, he can add a couple of more categories, add more stock and grow his livelihood. Now this customer is today totally underserved, I mean, not served, I would say, right, because for the traditional financial institutions to access a customer for Rs. 20,000, unsecured loan, it's too expensive for them to reach out to this customer. So technology has a role to play. Now, the question is, whether the technology will be completely do it yourself, like, can people just download an app and get access to all of this? I think that time is a bit far away, it will come but there is a journey to reach there. I think there is a time in between, in which people need some assistance and access, right. For example, a leading FinTech in the insurance, web aggregation business is now saying that we need retail points to be able to engage with the customer, right. Digital journey, after a point stops, right. So whenever there is a product, which is a bit more complicated, the need for somebody in between who is not only able to fulfill, but also make people understand and guide them to these products is needed.

Kshitij Sharma: We will take the next question from the line of Ashish Agarwal. Ashish if you could please unmute yourself?

Q. Aashiesh Agarwal: Gentlemen, I had a couple of questions and I apologize if some of the answers were overlapping. So, first, I would like to understand how do you

perceive the total addressable market. I mean, of course, it's one thing that is entire rural India, but if I have to look at it in terms of like the transaction size, and how much has been captured so far by companies like ourselves, whether we call it business banking correspondents, or money changers or DiGiSPICE and if we could also throw some light on how many users that we have captured so far?

A. Rajneesh Arora: So I think when you talk about the total addressable market. I think then we have to start dividing into the various need gaps, right. Because every need gap is a different market size. So if you talk about our leading product which is AEPS, the market size today is about, I think, Rs. 3 lakh crores, somewhere around that number. And there are various studies which suggests that in the next three to four years, this number will grow to anywhere between Rs. 6 lakh to 10 lakh crore. So, there are two studies, one of them say Rs. 6 lakh crore, one of them says Rs. 10 lakh crore and there are drivers to that happening. Basically, one of the key drivers to why this is happening is that there was a stage in rural where there was a completely cash economy where in I'm receiving cash and I'm giving cash. So, it was not even hitting bank accounts. Today we are at a stage where a lot and lot money is moving into the bank accounts. However, the corresponding money is not getting digitally paid, right.

So, we are at that stage today that is what we see more often and this part is continuing to grow. So, as more money starts to hit bank accounts, as of today there is a need to withdraw and then pay out. For example, a farmer today started to receive his proceeds in the bank, in a lot of cases, not in 100% cases, in a lot of cases. But when he has to pay out to his labor, which is his main spend, he has to take out cash and pay to them, right. So there is a need for cash withdrawal which right now is significantly growing because one side of digitization is happening.

So this is with respect to, for example, a cash withdrawal business. Now it will happen through Aadhaar. It will happen through cards. Tomorrow it will happen through UPI and we are participating in all the bearers when it comes to that need gap, right. Then there is a certain need gap, for example, enterprises, let's pick up enterprises like microfinance, who are making collections on the ground and there we are participating in terms of helping them move cash to bank quickly, right. So there's a proposition that is there for them, right. So there again, we've barely scratched the surface in terms of the total size of collections that happens today. And how much of it is started to go through channels like us, we have barely started. Then there are other products, like for example, bill payment, etc., on which we've seen significant growth over the last couple of years, as more and more billers are getting onto the bill pay platform, which is the NPCI owned bill pay platform and we are one of the license holders there. We see a lot of this action moving from people paying to the billers, to the biller offices to through the bill pay platform, because it's far more convenient. So at a high level, I would say that we barely scratched the surface in each of these total available market.

So there is huge potential to grow. And then there are few products which we are at a very early stage of solving, right. Few of them being insurance and credit and savings, etc.. Where again, the opportunity size is huge, but there are specific solutions that need to be arrived at before we move there. I don't think it's a question of how big is the opportunity here. I think it's a question of, how we are able to find the product market fit for each of these and be able to scale. Like, for example, in the last couple of

years, two pieces we picked up and scaled. One of them was a cash withdrawal opportunity where earlier, we began with the cash withdrawals through Aadhaar and then we found that there is a lot of opportunity of people bringing their debit cards and wanting to withdraw. Again, multiple needs, and we created a product around it and that scaled reasonably well over the last two years. We've been able to deploy very low cost card swipe devices at these merchants, and they've been able to help the customers then we saw this need gap around enterprises in rural solution, we needed for them. So, that product we kind of piloted last financial year and through this financial year that has been growing. So there are multiple solutions that we will keep bringing, and I think the opportunities are immense.

Q. Aashiesh Agarwal: Right, thanks. That's extremely interesting. So do you also track data as to like how many end users are actually using your services? You have shared data on the number of Adhikaris, but if you could also throw some light on the users that we are targeting. The data for which we are generating and also creating in-house?

A. Rajneesh Arora: We have served close to about 20 crore customers till now, People who are unique customers who transacted on a platform. So this is the data point with respect to the end users.

Q. Aashiesh Agarwal: And something on what percentage would be repeating themselves?

A. Rajneesh Arora: So we have published, repeat metrics of growing customers with respect to AePS products in our past presentations. We have seen a good traction of repeat customers, basically customers coming back on the platform and transacting again and again.

Q. Aashiesh Agarwal: Got it. That's very interesting.

A. Rajneesh Arora: And I could give you another datapoint with respect to repeat. On a monthly basis, we see almost about two-third of the customers who are transacting being repeat and one-third being added new. It is also portion of the growth that we are seeing on the platform, but a lot more traction of same customers coming, because most of our products today are utility products.

Aashiesh Agarwal: Got it. Thanks, wish you all the best.

Kshitij Sharma: Thank you. Before moving on, I would like to ask some questions from the chat that we have received. These questions are from Sanjay Awatramani.

Q. Sanjay Awatramani: And the first question is what is the service charge percentage, which is charged to Adhikaris/customers and is this charged on a per transaction basis?

A. Rajneesh Arora: Yes, so most of the services we actually get paid from the product manufacturers. So, whether it is cash withdrawal, the fees is paid by the customers bank, because we are providing the service to his customer. Similarly, if it is a top-up,

bill pay, etc., the money comes in from the product manufacturers. There are very few exceptional services where actually the customer is charged or in turn the Adhikari is charged, because he is charging from the customer. One of that product is remittance where the customers pays a certain fee to remit cash to bank, but for us, that's a very low percentage of our overall business.

A. Sanjeev Kumar: So I think let me just conclude that what Rajneesh is saying that business is a very, very low percentage of our overall business. So in nutshell, it is the product manufacturers who pay transaction fees per transaction, that is what we share with an Adhikari.

A. Rajneesh Arora: One more exception when it comes to enterprises, like serving the enterprises, the enterprises are paying us a fee.

Q. Kshitij Sharma: All right. The next question is what is the average size of the transactions?

A. Rajneesh Arora: So again, it is service-to-service, but to put an average it's anywhere between Rs. 2,500/- to Rs. 3,000/-.

Kshitij Sharma: Thank you. We will take the next question from the line of Nivesh Jain. Please unmute yourself.

Q. Nivesh Jain: Thank you for the opportunity. Sir I just have some three basic questions. See first, I just want to understand about the update about the JV with Tarya? So where are we on this? And when can we get to the product launch of this?

A. Rajneesh Arora: We are in the process of stitching our lending platform at this stage and will surely come back to you with updates in the next couple of quarters.

Q. Nivesh Jain: Sir and the next question is regarding this recent announcement by our Finance Minister with respect to digital banks. So what is our scope in that? Are we planning to apply for an existing digital bank? Or what will be the role of DiGiSPICE over there?

A. Rajneesh Arora: Overall, I think we are excited by that announcement and we are still awaiting more details for us to align our strategy with what has been called out. But we are very keen to participate in this journey.

Q. Nivesh Jain: Okay, sir the next thing is regarding this Korero platform. Can I just understand the major customers of Korero platform, because it was launched last year, I guess, last financial year or last year I guess. So just wanted to understand the major customers, if you just look into the website, we have some Spice Money and another one is also some insurance companies just want to understand how the segment is growing?

A. Rajneesh Arora: Nivesh we will not be able to comment upon very specific clients here. But it is at an early stage. We do have about 50 clients already on boarded onto

the platform. And it has started contributing to the overall enterprise revenue, but it is at early stage right now.

Q. Nivesh Jain: Okay. Sir and the last question is with respect to our newly launched travel union. So how many Adhikaris have registered for the Union? Can I have some approximate numbers? Is there any growth in the registration on QoQ comparison because that particular thing is being missing in the presentation?

A. Sanjeev Kumar: So I think first point is that you're right. This is a product that we recently started. While we did do a pilot launch somewhere in India in September, from the last quarter, we didn't plan to stabilize the product and do a short pilot. We've seen a very good traction in our network and we've got some big plans in this one. So you will get to see this numbers in our presentations in the coming quarters. But we are very excited about the opportunity.

Q. Nivesh Jain: Okay sir. Can we have a monthly update from the DiGiSPICE like operational updates like what other printer company use to share thing. So that it will boost investor confidence and nothing else apart from that? Rather than waiting for a quarterly, why can we publish a monthly operational updates? This will boost investor confidence.

A. Rajneesh Arora : We'll surely take this as a feedback.

Nivesh Jain: Yes, okay sir. Thank you. Thank you all the very best sir.

Kshitij Sharma: Thank you, Nivesh. I'll ask some more questions which have come up in the chat. These come from Pranav Mashruwala.

Q. Pranav Mashruwala: His first question is, how many Adhikaris are we planning to build a strength of? How many Adhikaris per village or per 10,000 or 20,000 populations?

A. Rajneesh Arora: Our approach here is that we are going to cover every village in the country. So there are about six lakh villages and 5,000 blocks. So we are going to cover from a coverage perspective, the every village and every block. When it comes to the linkage to the population at a very high level, we have a number of one Adhikari that we want to bring on the platform per 1,000 rural population. So that's the metric that we are chasing.

Q. Pranav Mashruwala: A follow-up to that is out of the nine lakh Adhikaris are all active through the year?

A. Rajneesh Arora: We have a significantly good active ratio, considering that it's a digital product. If we compare with any other digital product, we do have a good active ratio. 100% of them are never active. But one data point, which typically as digital engagements that generally people monitor. So we have close to about 50% DAU upon MAU, which means that out of our total monthly active users, about 50% are also active daily. So within a monthly engagement, we have a significantly higher

engagement, a lot of our Adhikaris work almost every day on the platform. So the engagement is more deeper.

Kshitij Sharma: Thanks. So we have received a question from Manik Taneja in the chat, his question is.

Q. Manik Taneja: I wanted to check about the CPaaS business, we had some negative impact during the start of the year due to the DLT implementation. Could you talk about the trends that you are seeing in this business and what would be the scale of our business in the segment?

A. Rajneesh Arora: Yes, so Vinit, maybe you can talk about how much does this contribute to the enterprise business as part of the total, but as a trend, the way we are thinking about scaling this business is on the back of Korero, which means, on a digital platform, one part of this business is commoditized and which is something that we are not very excited about. But another part of the business is very exciting, which we are at early stage of building.

A. Vinit Kishore: Say this DLT impact was a government initiative. And it had a negative impact in quarter one. But by Q2, we saw the industry maturing and coming back to its previous figures. So by end of Q2, we were touching the Q4 figures again, and this is that Q3 has been a growth story. So DLT impact is now smoother. That's how I'll conclude and as we are adding more customers to enterprise, we don't see a larger impact of DLT, the impact of DLT is decreasing in fact, but DLT has got lot of discipline in the way the SMS languages are done by the enterprise. So it's a good thing to happen the DLT impact is past a story now.

Kshitij Sharma: Thank you, Vinit. We will take the next question from the line of Abhimanyu Thakkar. Thank you.

Q. Abhimanyu Thakkar: I just had one question. Since Spice Money is scaling, the advertising expenses are likely to increase going forward. So like any other platform, what are the plans for promotion and branding, and any particular percentage to sales have been decided?

A. Vivek Venkatesan: Clearly, I think as a new brand, our focus is to invest on branding, you would have seen quite a bit of brand initiatives, which happened last year with our Abhiyan campaign and with our brand ambassador. We don't really plan for any percentage of total sales or earnings as advertisement revenue, while we watch the line pretty closely. Our focus is basically to invest behind brand or advertisement campaigns, which creates significant brand value for us, right. While we have the established calendar in terms of specific product promotions or offering promotions from time to time. The brand campaigns basically are calibrated, curated for an opportunity and whenever there is a major offering that is going to hit the market, then we plan it accordingly. And then we do the branding campaigns. So really, we don't put our number to it at this point in time, but we ensure that we manage the spends at maximum impact.

Abhimanyu Thakkar: Okay, yes, that's all from my side. Thank you so much and all the best.

Kshitij Sharma: We have a follow-up question from Manik Taneja.

Q. Manik Taneja: Do we have a multi-channel approach on the CPaaS side or are we primarily an SMS focused player?

A. Vinit Kishore: Okay. See, that's the beauty of Korero is, it's meant to be multi-channel. So definitely, the offering to any enterprises is much more than SMS. SMS voice is growing, emails are growing, we are also offering WhatsApp chat and Telegram chats. But the fact remains that SMS continues to grow faster than the parallel channels that we have. SMS continues to dominate the entire business. But we have a dedicated team, which are focusing on channels other than SMS and that portion, we believe that going forward that that will continue to make more and more inroads. So we started with only SMS now we have multi-channel options available and offer to our enterprise systems.

Kshitij Sharma: Thank you, Vinit. We'll take the next question from the line of Yash Mehta.

Q. Yash Mehta: Hi, thanks for the opportunity. Can you first speak a bit about like, let's say merchant attrition, cause of let's say competition coming up, as far as our Adhikaris are concerned?

A. Rajneesh Arora: I think merchant attrition is there, of course. Since we brought down the entry barriers, it's easy to get in there for people. For some entrepreneurs, it works and for some it doesn't. So we do see some attrition initially, once people join, not all of them finally continue to do the business forever. But we do not see any competitive impact leading to attrition.

Q. Yash Mehta: And as far as let's say, you said, you see no competition. So the question is, where all in India would you kind of classify your merchant networks, North, East, West, South, how is it kind of skewed?

A. Rajneesh Arora: Yes, so historically, because of historical reasons, we dominated the North and East belt, which means UP, Bihar and the Hindi belt you can say, that's where the major domination is, and it was because of both that's where the initial demand was, and that's where we were initially focusing on. But otherwise from a presence perspective, we are present Pan India and now we are also strengthening the areas where initially we were not that dominant, which means South and West is what we are kind of strengthening our distribution now.

Q. Yash Mehta: Understood, and the question is do you see anybody in the market doing or having a similar model competing with you?

A. Rajneesh Arora: As I said, there are, you know there are players in the market who have a similar model in the sense that there is an entrepreneur who can provide services to the customer.

Q. Yash Mehta: So focus on the FinTech, rural FinTech?

A. Rajneesh Arora: Rural part is where the things start to change because there are what you call, there are lot of assisted FinTech business models out there, but more and more of them are largely focused on the remittance part of the business and the remittance part of the business originates from urban So, few counters in urban, few urban pockets do a lot of remittance business, that's how typically that business model works. Whereas our business model while at a high level the business model seems similar, we are more rural focused, which means the kind of products and customers that we work with are more rural.

So, now there again, is there competition, yes, the answer is there is competition, but relatively smaller players trying to do things in few pockets etc. We do see that, but do we see them as a major force hitting us in our journey, the answer is no.

Q. Yash Mehta: Understood and you mentioned that the number of customers that have touched our nine lakh Adhikaris till date is about 20 crore unique customers. Now, that's a pretty significant number if one were to put that in perspective like if we just think about the rural population of India, that will be about 70 crore type and not everybody goes to the merchant shop, right. So, you're effectively saying that assuming there are 20 crore rural households in India, you are saying that one customer per household has effectively gone and visited some of these merchants?

A. Rajneesh Arora: Yes, so if you pick up both semi urban and rural, which means the blocks in the villages put together, that that population is about 100 crores, and you're right it's about 20 crores, and it is not necessarily one person per household, because there are customers where for example, the woman in the house is getting subsidy from the government and the farmer himself is obviously using it. So there are also multiple members in the same household. It's not necessarily one per household.

Q. Yash Mehta: Okay, understood. And as far as the product revenue streams are concerned, can you kind of give an idea in terms of what exactly is the service fee, what is the air time fee? I'm not sure I got that correctly.

A. Rajneesh Arora: Okay. So, again it depends upon service to service but if we pick up our main service, which is AePS, which is the leading service or the hook service, the value chain margins the issuing banks pays 50 bps to the acquiring bank and that is also capped at some per transaction fee of Rs. 15, so that's the value chain margins out of which minus the bank share you know, most of it comes to us and out of it most of it flows down to the candle. So, we retain some anywhere between 20% to 40% of that value chain margin again depending upon service to service. The other large service in terms of the number of transactions not the value is the mobile top-up because it's like again a utility need, you need it every four weeks etc., so that's also another where the value chain margins are very different. So here we are talking about 50 bps, and in some cases they go to about 200 to 300 bps out of it again significant are passed on to the Adhikaris.

Q. Yash Metha: Effectively do you need a tie up with a bank to administer some of these services?

A. Rajneesh Arora: Yes, yes, we need a tie-up with the bank.

Q. Yash Mehta: Which are these banks?

A. Rajneesh Arora: So we've tied up with the few, acquiring banks, so acquiring banks help us access that product. So, taking an example of an AePS product, to access that product, you have to go through a bank as of today. So we work with multiple banks for us to be able to get access to that pipe.

Q. Yash Mehta: But there will be a few ones needing the larger part of the throughput, right? Who do we work like work with and which are those banks?

A. Rajneesh Arora: So these are some of the private sector banks.

Q. Yash Mehta: Understood.

A. Rajneesh Arora: I don't know whether it'll be right for me to call out the names, etc.. I don't know, there might be confidentiality clauses. So maybe I'm not very prepared to answer that right now, because of that reason. However, we do have a panel of banks with whom we work to provide these services.

Q. Yash Mehta: How do you decide let's say which customer to allocate to which bank?

A. Rajneesh Arora: There are multiple factors here. I mean the biggest being the quality of service, that's what we're really focused on.

Q. Yash Mehta: Understood. And when you say that, let's say you want one Adhikari for 1000 rural population, and given the fact that we already have large part of the rural population arriving at our branches, do you consider the need of actually adding these 1000 Adhikaris every day? Just want to kind of have some sense there.

A. Rajneesh Arora: Because if you look at Rural India, it's not just about how many people, it's also about the density, the density is really low, you have villages with 100 households, you may say, is there enough need, but there is a need when it comes to being providing that access. Every Adhikari may not be able to do that amount of business. So that market may not exist, but from a reach point of view, that is still needed. For a lot of these merchants, this is not core business, but still, this adds to the supplements to their earnings. In a village of 100 households, typically, there will only be few merchants and they will do everything that is needed. They are like multi category goods and services merchants, they all go out once a week to nearest blocks and buy products in wholesale, there's no distribution there, etc., so from a reach perspective, yes, that is still needed. At an average level, it comes to 1000 per month, at some places it might be more, at some places it might be lesser.

Q. Yash Mehta: And if we were to look at let's say the nine lakh Adhikaris that we have in these villages, how many villages do we cover, because India has about six lakh villages?

A. Rajneesh Arora: We are still in the process of doing accurate mapping on the village side. Our data team is working on those GIS tools to be able to accurate but at a very high level, it seems like we are 25% there. Again, it's not a very accurate number, but at a ballpark, this is what we believe in terms of our coverage today. In terms of per village, right, and then there are people in blocks and suburban areas of urban areas, etc., that is additional. So there's a long way to go still when it comes to coverage.

Q. Yash Mehta: How do you measure these 20 crore unique customers? Is there going to be some unique identifier, which allows you to face the unique customer?

A. Rajneesh Arora: Yes, so again it is product to product and therefore, I said that it's an estimate, because there are some estimates that we have to make to be able to arrive at this number.

Q. Yash Mehta: How much of the transactions are happening on Jan-Dhan accounts within for these 20 crore customers? Are these primarily Jan-Dhan?

A. Rajneesh Arora: We do not have data pertaining to this. But yes, that they are not primarily Jan-Dhan. But Jan-Dhan as a segment would be one of the largest segments within that.

Q. Yash Mehta: Understood. But I was very curious to know how we get to that 20 crore numbers, because actually an astounding number. No company of any particular size would have a reach to that as a base, frankly. So all right, I think I'll come back in the queue.

A. Kshitij Sharma: Thank you. We have the next question from the line of Chiku. Thank you.

Q. Chiku: Okay. First of all, thank you for giving me this opportunity. And I'm very delighted and very proud to be a shareholder of DiGiSPICE Technologies Limited. So my first question is that are you guys wanted to build any product or in the process to build any product around e-rupee?

A. Rajneesh Arora: It's very much on our radar and we are actively participating in this and we will surely be having a product around e-rupee. I think from a time perspective, we will not be able to comment whether it is here and now, it will take a couple of quarters. That ecosystem is still evolving.

Q. Chiku: Yes. My second question is when you guys will start saving account of opening or insurance service to our Adhikaris?

A. Rajneesh Arora: We will keep the shareholders updated on this, we are actively working towards this.

Q. Chiku: Okay sir, then my third question is around digital brand service. So, on 26th of January, our Chairman started digital brand service in some places like Hyderabad area. So I just wanted to know more about it?

A. Sanjeev Kumar: So I think I don't know where this is coming for Hyderabad, Chiku. So the point is about is your point referring to be getting into Spice Money Digital branches. Is that the point?

Q. Chiku: Yes, sir. Spice Money branches.

A. Sanjeev Kumar: So, that's part of our network plan and we intend to have something but then we'll keep you posted.

Q. Chiku: Okay. Just like Fino Payment Bank branch. So I think in that way that okay, Spice Money also want to start this. Okay and my last question is why promoters are selling their stake from last four quarter? Promoter stakes are decreasing from last four quarter, despite a very growing business?

A. Rajneesh Arora: I am not very sure if that is true.

Chiku: Okay, sir. I think I should recheck it. Okay, thank you.

Kshitij Sharma: Thank you. We will take the next question from the line of Jeevan Singh. Thank you.

Q. Jeevan Singh: First of all this excellent result, if you talk about the Spice Money segment, this is really good, I appreciate it. Well done and I guess we are more focusing on this Spice Money thing, right. And our entire team is working on Spice Money, just one question. Are we focusing on other digital segment because before Spice Money this DiGiSPICE is kind of digital company and now we can see all the companies are going to digital and there is so much scope in digital and we have expertise and experience. If I go to DiGiSPICE site, there's little on Spice Money, everything is on digital but results are showing different. Are we still Digi FinTech or some telecom equipment company because the BSE is showing us telecom equipment, which is no more. What's our plan for the next maybe two or three years? Thank you.

A. Rajneesh Arora: Jeevan, thanks for your question. First of all, we are not a telecom equipment company. We are DiGiSPICE Technologies Limited, before that it was known as Spice Mobility Limited. So we were into hardware business, which means we were selling mobile phones and if you recall, Spice Mobile was a brand. DiGiSPICE did go through its own transformation journey. For the last couple of years, we have been focused on the new businesses. I think that is the historical context. This re-categorization in BSE, we will have to pick up and get it done. Right now just please ignore it. We are not into telecom equipment, when it comes to digital, Spice Money is also a digital business and it has been born out of the digital technologies business.

Going two to three years back, Spice Money was one of the business units within DiGiSPICE and we carved it out separately, branded it separately, put a team behind it because we saw a larger opportunity to go deeper in this.

Coming back to the core businesses of DiGiSPICE, when you talk about digital for enterprises, in Spice Money we are creating our own customers using digital, in DiGiSPICE, we are serving enterprises with digital technologies and within that there are two categories, one of them is telecom and the other is other enterprises. In Telecom, we have been largely providing value-added services and somehow that business globally, a telecom value added services has not been growing, it has been declining and we have been part of that. And there within that area, we've been trying to work on digital propositions for telcos. So again, a nascent business there, but we are seeing growth in digital telco revenues, as part of our overall telco, the overall traditional telco is not growing, and we've called it out in our previous presentation, I'll request you to go through that. In the enterprise side of the business, our intent is to grow with the Korero platform, which is something that we have launched and it is caught its initial tractions, it will take time to move forward.

Q. Jeevan Singh: Because the thing is that, from the investor point of view, if you look into the site, or BSE or somewhere, we should see the real value. Spice Money for me is a core services, Something is a core top of your company revenue is of high revenue side. So, this should be our priority and we should displace large amount of stuff for Spice Money in our website, so that we can promote things and on the BSE site we can get the better valuation, not from the telecom area.

A. Rajneesh Arora: Understood, Jeevan. We are taking this as a feedback and we'll take steps towards this.

Kshitij Sharma: Thank you. We have a few questions in the chat. The first one is a follow-up from Pranav Mashruwala.

Q. Pranav Mashruwala: What would be DiGiSPICE's strategy in bettering financial performance and profitability?

A. Rajneesh Arora: I think our current strategy is to build value, to grow value by growing the rural FinTech business, which is Spice Money and then there are various components within that. So I think that's our key strategic intent to grow value for shareholders.

Kshitij Sharma: Then we have a question from Bineesh Vijayan.

Q. Bineesh Vijayan: How much is the revenue contribution by Korero and how much is the targeted growth?

A. Rajneesh Arora: Okay, so as I explained earlier, Korero is at an early stage, I think we have reached to a double-digit contribution of Korero within the overall enterprise business, but still at early stages.

Kshitij Sharma: All right. Thank you. That was the last question and I would now like to hand the floor over to the management for that closing comments. Over to you, sir.

End of Q&A

Vivek Venkatesan: Just one clarification, which we want to issue - not a single share has been sold by the promoter. So this is clarification that we want to issue, There was a question on sale of stake by promoter. So that's a clarification we want to give.

Kshitij Sharma: Thank you. Ladies and gentlemen, that would be the end of the call.

***** _____ *****