

Date: **9th June, 2025**

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 2nd June, 2025**

Dear Sir/Madam,

Pursuant to Regulation 30 read with Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the transcript of the Investors / Analyst Call held on 2nd June 2025 with senior management team.

The transcript will also be available on the website of the Company at <https://investorrelations.digispice.com/information.php?page=transcripts>

You are requested to kindly take the above on record and acknowledge the receipt of the same.

Thanking you.

Yours faithfully,

For **DiGiSPICE Technologies Limited**

(Ruchi Mehta)

Company Secretary & Compliance Officer

DiGiSPICE TECHNOLOGIES LIMITED

Q4 & FY '25 Earnings Zoom Webinar

June 2 , 2025

Management Participants:

Mr. Dilip Modi	Chairman, DiGiSPICE Technologies Limited & Chief Executive Officer, Spice Money Limited
Mr. Sunil Kapoor	Whole Time Director & Chief Financial Officer, Spice Money Limited
Ms. Aastha Garg	Head Investor Relations, Spice Money Limited

DIGISPACE Technologies Limited

Q4 FY '25 Earnings Zoom Webinar

June 2, 2025

Amit Kumar Sharma: Good afternoon, everyone. A very warm welcome to the earnings Zoom webinar of DiGiSPICE Technologies Limited for Q4 and FY '25.

We have with us Mr. Dilip Modi, Chairman of DiGiSPICE Technologies Limited; Mr. Sunil Kapoor, Whole-Time Director and Chief Financial Officer, Spice Money Limited; and Ms. Aastha Garg, Head, Investor Relations, Spice Money Limited.

Before we begin, I would like to state that some of the statements made in today's discussion may be 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 results presentation, uploaded on the exchange 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. Dilip Modi to commence the presentation. Thank you. Over to you, sir.

Dilip Modi: Thank you, Amit. Good afternoon, everyone. Thank you for joining us on this investor call. This is our first call in the new financial year. And it's a pleasure to connect with all of you. Today, we get an opportunity to present to you the results for Financial Year '24-'25 as well as talk about some of the key areas that we are focusing on as a company. So welcome to this call, and I look forward to your active participation, and an active Q&A session.

So let me begin by talking to you about some of the core elements of our strategy. Before I start, let me also recap that, as you know, our main business now at DiGiSPICE Technologies is our Rural Fintech business, Spice Money. It is our only business now at DiGiSPICE Technologies, and we are going through a process of merger of Spice Money into DiGiSPICE. So eventually, DiGiSPICE will become Spice Money, which will be a pure fintech business. We are going through the process of approvals from regulatory authorities to complete the merger. So obviously, our focus on the business is around Spice Money.

We have been updating the market and all our investors over the last several quarters now over the last 3 years on the progress of Spice Money. And I am very glad that we get this opportunity again to talk to you about the business. So let me start by going to the first slide, Viral, can we go to the first slide, please?

So just for those who are hearing us for the first time, I would like to share with you what all we are building at Spice Money and at DiGiSPICE. So effectively, we are a fintech focused on small towns in India. There are 3 core parts of our business that we are building. The first is

our Spice Money agent app, which is really the large network of BC agents that we have enabled on our platform across the country. We operate across 19,000 PIN codes, and we have over 1.5 million agents referred to as Spice Money Adhikaris, who operate on our platform.

Today, we are India's largest AePS transaction app in the market. Effectively, if you look at AePS, which is Aadhaar-enabled payment system, this has become a key enabler for driving digital financial inclusion in small (Technical Difficulty).

Amit Kumar Sharma:

I think Dilip is facing some Internet issues. Please stay connected. We will see it to it, when the technology gets rectified.

Dilip is just joining again. Thank you for your patience, please stay connected.

Dilip Modi:

Yes. My apologies for the disconnect. Can we put up the slide again, please?

Yes. As I was saying, Spice Money is today India's #1 AePS transaction app. The Aadhaar-enabled payment system is a very important bridge in rural India to enable multiple services. So millions of customers who have got their bank accounts across multiple banks are looking for convenience points, where they can go and withdraw cash, deposit cash as well as open bank accounts. All of these services are today being enabled on the Aadhaar Bridge. And today, Spice Money agents are spread across India, enabling financial services for rural Bharat.

So we are an agent-led distribution stack. The second core component of our strategy is around customer-led transactions. We have launched Spice Pay, which is our customer app. For all of you who have seen the growth of UPI in the country, we have about 360 million UPI customers across the country. The challenge is where the next 200 million will (Technical Difficulty)

Amit Kumar Sharma:

It seems we are facing some difficulty with his Internet connectivity. Please bear with us. Please stay connected.

Aastha, it seems we are facing some difficulty with the connectivity of Dilip. Request you to take over and take us through the presentation, please.

Aastha Garg:

Sure. So as Dilip was mentioning, we already have a network of almost 15 million (*Please read as 1.5 million) agents who are already coming on our platform, which is the agent app, and we are enabling financial services through these agents for the rural Bharat. And now what we are trying to build is on the sides of Spice Pay and the Lending business. First, starting with Spice Pay, this is a customer app that we are trying to build for the rural Bharat where this will be a PPI-based UPI app, where the rural customers will be able to come and they will be able to do transactions digitally through an assisted mode in the rural areas. So this will enable another leg of the financial transactions in the rural Bharat for the

customers and will help more enablement of financial services in the rural parts of the country.

So this is an app that is in build stage right now. And a lot of work has gone into building this app in the last 1 year. And in the coming year, we are also wanting to build specific products into this app, so that when we launch it for Pan-India, We will come with a product suite, which will help the customers in rural India do a lot of transactions on this app, and we will also be able to help the customers through an assisted mode, through our app where our agents will help these customers in the rural India to do these transactions.

Dilip, sir, are you here? You want to continue?

Dilip Modi:

Yes. My sincere apologies to all. So as Aastha was sharing with you, we have 2 apps, one in a scale mode, which is our Spice Money agent app; and second in a build mode, which is our Spice Pay customer app. On the back of both these digital platforms, we are looking to build out our Lending business, wherein effectively, we are looking at lending to small merchants and consumers in small towns, being able to give them access to affordable credit.

So overall, our goal at Spice Money is to build a trusted financial services platform for Bharat. So with this vision, can I move on to the next slide, please? Can we move to the next slide, please?

So we are on a journey, and our journey is that of digital-led financial inclusion. So if you look at it, we have started our journey by building one of the largest ATM and collections network in rural India. We today have one of rural India's largest assisted ATM network, which runs both on the back of Aadhaar-based cash withdrawals as well as micro ATM-based cash withdrawals. We are very excited with the opportunity of also launching a cash deposit using the Aadhaar bridge.

We today have been one of the first few players who have scaled on the back of cash deposit. And as we see more banks enabling this, we believe that we want to drive convenience for customers in rural India to not only be able to go to their kirana store and their close-by merchant to withdraw cash, but also to be able to deposit cash. And I think being able to digitize cash at scale is something that we are looking forward to, working with banks to help them to grow on the liability side of their books to be able to make it easy for people to put money in the bank as we made it easy for people to withdraw money from the bank. So we are very excited to look at the second use case on Aadhaar-enabled payment system, which is that of cash deposit.

On collections, on the back of our ATM network. We also function as Bharat's largest rural cash collection network, work very closely with NBFCs and MFIs to ensure that their agents going to small towns and villages to collect cash, do not need to go back to their branches in big cities to deposit the cash. They can actually deposit the cash in the village and in the small

town itself, saving them the time cost of carrying cash. And therefore, the whole idea is to reduce the cost and time to collections.

Going forward, we are very excited to look at Bharat Bill Payment System-led UPI and utility collections. This is again a very critical platform that we are very excited about. We have a BBPS OUU license. And there are millions of customers today using the Bharat Bill Payment System platform to pay their bills. We are looking at leveraging our rural cash collections network to also drive BBPS-led EMI and utility collections.

On the back of both these ATM and collections platforms, we believe that we have a great opportunity to build Bharat's deepest financial distribution grid. Here, we refer to being able to distribute formal financial products, whether its account opening, mutual fund product distribution, loans using our agent network in deep Bharat. And we are looking to partner with financial institutions across the board, who would integrate through APIs onto our tech stack to be able to enable them in a cost-effective way to reach millions of small merchants and consumers to drive adoption of financial products.

Spice Pay, as I said, is one of Bharat's first assisted PPI wallet-based UPI app. Our goal here is to on-board the next 100 million UPI users in cash-first markets, and then work to drive cross-sell on these platforms, starting with digitization of payments, followed by other financial products that we can layer on top of it.

And then finally, our goal is to ensure that we can drive income growth in small towns, and that will be driven through responsible lending products. And we are looking at empowering Bharat with accessible and convenient credit. This is an area that we take with a lot of responsibility, and we want to make sure that today, lots of small merchants who are not able to get access to formal credit due to collateral, we are able to engage with them, because we have access to their digital data because they are transacting on our platform.

At the same time, we have physical access to them. So through our phygital model, we want to enable lending institutions to be able to lend to MSME in Bharat using our platform. So we want to do it in a responsible way. We want to ensure that small merchants can get access to credit, which can help them grow income, and is also available at affordable prices. So if you really look at it on an overall level, we are building on agencies on the back of the significant distribution network that we have built out in Bharat and the idea is to drive digital-led financial inclusion.

I will just share with you now in the next couple of slides how we have grown in the last 5 years with respect to agents, transaction value and net income, and then we can do a deep dive on each of our products. Can we go to the next slide, please?

So if you look at it over the last 5 years, we have significantly grown our Spice Money base agent network, referred to as Spice Money Adhikaris from about 241,000 agents on our

platform in FY 2020, we have closed FY '25 at close to 1.5 million agents, which is about an 11% year-on-year growth compared to last year and a 45% CAGR over the last 5 years.

On the right-hand side, you see the graph of the country. This is showing that as Spice Money, we are present across India, like I mentioned, about 19,000 pin codes. The darker shades are more where we have deeper presence, which is more North, Central, and East. And the South and West is where we are now deepening our presence. We are present across 2.5 lakh villages and close to 6,500 blocks, which is most of small towns in India.

On the back of this growing agent network, we have grown our gross transaction values on our platform. If we can go to the next slide, please. If you look at the last 5 years in terms of growing gross transaction value, this is the cumulative value of all the transactions that happen on our platform. If you see, we have closed FY '24-'25 at close to INR 115,000 crores worth of gross transaction values that have happened on our platform. This is up from INR 22,000 crores in FY 2020.

So we have significantly grown over the years. Of course, in the first 3 years, we had a steeper climb. And then in the last 3 years, we have seen that because of the challenges in the Aadhaar-enabled payment system off-us industry, our growth tapered off on the CICO side, which is the cash in cash out business, compensated by the growth in the collections GTV.

However, if you look at on a quarter-on-quarter basis, on the right-hand side graph at the bottom, you can see that we have begun to see even on the cash in cash out, which is effectively the ATM business, a growth in GTV. So from INR 16,311 crores in quarter 3 FY '25, we grew to INR 16,612 crores in quarter 4 FY '25.

Collections has been a big part of our GTV growth, as you can see, both year-on-year as well as on a quarter-on-quarter basis. And as we continue to deepen our network of agents, we expect this to translate into growth in gross transaction value.

The only other data point I would like to call out here is our AePS off-us market share, which has steadily grown over the years. So from 11.8% in FY '20, we have closed quarter 4 FY '25 at close to 18% market share.

So within an industry of AePS Off-us today, when we refer to ourselves as the #1 AePS transactions platform, we have a market share closing March 2025 of close to 18%. On the back of this growth in GTV, we have seen growth in our gross margin, which is effectively our net income. Can we go to the next slide, please?

So if you see the trend in our gross margin numbers, we have closed FY 2025 at close to INR 178 crores in gross margin. This is up from INR 44 crores in FY '20. And effectively, if you see on a quarter-on-quarter basis, we closed quarter 4 FY '25 at a gross margin of INR 49 crores, which was up from INR 44 crores in quarter 3 FY '25. We will walk through in detail on the

building blocks of each of these numbers. But effectively, as we have seen the AePS numbers taper off a bit in terms of gross margin contribution, it's basically been collections that have come in to add to the gross margin as well as other product lines.

As we grow our agent network, our goal is to grow more products, as I mentioned on our road map slide of new financial products that we distributed through our agents, which will all add to the gross margin numbers. And as we drive more agents, more products per agents, we expect it to drive in terms of growing gross margin, and we are seeing some of that already on a quarter-on-quarter basis.

With that, I will hand over to Aastha, who will walk us through the shift in the gross margin mix as well as some of the key services update, and then I look forward to the Q&A session. Over to you, Aastha.

Aastha Garg:

Thank you, Dilip. Good afternoon, everyone. So I will be starting with how our gross margins have contributed in the Financial Year '25. Can we move to the next slide, please?

So looking at the contribution mix of our major products, AePS and Micro ATM being our biggest footfall driver contributes approximately 53% of our overall GM in the Q4 FY '25. Approximately 20% of our gross margin today has started coming from the Collections business. And the subscription pack is a line that we introduced in the last 1, 1.5 years to create Adhikari stickiness and loyalty on our platform. And this service line has started growing and almost doubled from what contribution to our gross margin it had in the last year and has moved from 7% gross margin contribution in FY '24 Q4 to 13% contribution in Q4 FY '25. So that has scaled almost 2x in the last 1 year.

Banking and credit are the 2 service lines, which are still in the build mode, but have started contributing to our GMs now. So almost 5% to 5.5% of GMs have started coming from these 2 product lines now. So basically, our goal is here to diversify our portfolio more and be able to serve the customers with a lot more product lines that we used to have initially. Can we go to the next slide, please?

Now coming to the key services update. We will be starting with AePS. So on AePS over the last few years, as Dilip also mentioned, there have been a lot of industry regulations and shifts in this industry. And there are shifts like daily 2-factor authentication coming in, transactional 2-factor authentication changes, and multiple regulatory limits being placed by the issuer banks.

So because of that, this industry, we see quarter-on-quarter has declined by 1.6%. But we have kept our focus on this product and introduced subscription packs here, which has helped us grow our market share to 18% approximately. And where the industry declined 1.6% quarter-on-quarter, we have grown our GTV 3.1%.

Looking at the year-on-year trends also, the industry grew by 7.3%, while Spice Money GTV grew up by 10.9%. And hence, in the last 1 year, our market share has moved from approximately 17.35% to almost 18% now.

Now what are the reasons for this growth in the product? There are a couple of things that we have done in this product. One, looking at the kind of transactions that are happening on our platform. If we look at the success ratio of the transactions, last year Financial Year '24, if we refer the second table, we were having a success ratio of approximately 64%, while that has improved to almost 69% in Financial Year '25 when we ended the year.

So our platform transaction success ratio stability has improved. Another reason for this has been subscription pack introduction. So if we look at the last table, there are about 1 lakh SMAs as at end of Financial Year '25 that has activated subscription packs in the last 1 year, and there is a 3.2x growth in this number since the last year FY '24. So this has led to a lot of stickiness on our platform, more engagement and more retention and driving higher throughput.

Now coming to the next big opportunity in the payment space. AePS cash deposit is a product that we think will drive the numbers in the coming years for us in the payment space. If you look at the numbers of GTV that we have done in the last 1 year, we have delivered approximately INR 884 crores of GTV in Financial Year '25 as compared to INR 315 crores in Financial Year '24, which is approximately a 2.8x growth. And the SMAs who are active on this product have also grown 2.5x Y-o-Y. So this is one opportunity that we are wanting to drive in the next coming financial year. Can we move to the next slide, please?

So coming to the cash management services, over the past 4 years, if you see the graph on the left-hand side, we have built a steady and a strong foundation in the cash management services, continuously evolving and scaling our GTVs. So our GTV in Financial Year '25 has touched INR 43,000 crores with a quarterly run rate of approximately INR 13,000 crores now, which is a sharp rise from a GTV of INR 411 crores that we used to do in FY '21. So we have grown at a CAGR of approximately 220% in the last 5 years on this product.

So one of the key focus areas for us in this product has been strengthening our large CMS agent base, which contributes approximately 90% of our total CMS GTVs. Additionally, if you look at the large CMS counters, they have expanded significantly, almost scaling up by 80% as compared to the previous financial year. So this has been one of the growth drivers for us. And another one being the focus of adding new partnerships with large enterprises who are acquiring these CMS solutions.

We have consistently grown the enterprises that we are working with and almost added approximately 1 enterprise every month in the last financial year. And today, we have active partnerships with approximately 74 clients, including big NBFCs and MFIs. So this has been a major growth driver for CMS. And the next leg that we are trying to drive on the back of CMS

is Bharat Bill Payment System, growing in the digital payment space. So can we move to the next slide, please?

So coming to the Bharat Bill Payment System, this is another key focus area for us that we are wanting to drive growth into. And we are centered into driving growth into the transaction volumes for both EMI as well as utility payments.

Over the last 5 years, we can see the graph on the right-hand side, we have grown at a CAGR of approximately 89%, reaching GTVs of approximately INR 5,300 crores in FY '25 as compared to INR 400 crores GTV in FY '21.

In the quarter-on-quarter numbers, we saw a slight dip due to major seasonality reasons, while we have maintained approximately 10% Y-o-Y growth. So here, the key focus area that we drive is the repeat customer base, and the average ticket size that these customers come on our platform and do repeatedly.

So if you see both the metrics, the repeat customer base and the average ticket size that have continued to strengthen. And our repeat customer base grew by approximately 6.5% in FY '25 as compared to the last year. And our average ticket size also grew approximately by 22%, driving the growth in our BBPS numbers. So this is the product that will continue to scale and will want to drive more to enable digital payments and grow in this digital payment space.

Can we move to the next slide? So coming to the CASA product. This product is now live with almost 60,000 plus agents. And to date, we have almost opened more than 10 lakh current plus saving accounts.

And over 6.5 lakh accounts we have opened with NSDL Payments Bank alone. If we look at the float balances, there's almost INR 185 crores of float that is maintained now with the 2 banks that we are doing business with, which is Axis and NSDL Bank. And with this balance, we are able to generate a recurring float income every month. Additionally, if we see there are approximately 30,000 agents now who are actively driving adoption with each opening more than 5 accounts for us and helping us grow in this CASA space.

So the average healthy balances that are maintained in the accounts are also increasing month-on-month, and we are now wanting to go for more cross-sell on the customers who have opened these accounts with us, and scaling up our business on cross-sell products now. Can we move to the next slide?

Now coming to credit distribution. So here, in credit distribution, in the last 1 year, our focus has more been on the side of scaling the secured credit distribution product, which has been majorly gold loans and the other commercial vehicle and secured loans with a couple of partners that we have engaged with in the last 1 year. If you see the growth on the number side, we can see that we have scaled approximately 2.8x in Q4 FY '25 against Q4 FY '24.

Against the last quarter also, there has been more than 40% growth that we have seen in the overall GTVs of this product. And the major contributor of this growth has been gold loans, which has accounted approximately 72% of the total secured loan distribution in Q4 FY '25. And our focus will continue to be on secured lending growth in GTVs in the next financial year.

Also, we will be looking to grow the unsecured lending pie as we go and we engage in partnerships with other partners on both secured and unsecured loans.

Now I would like to hand over to Mr. Sunil to take us through the financial updates. Thank you.

Sunil Kapoor:

Hello, good evening, everyone. Yes, the slides represent the consolidated financial highlights. And if you see on the customer GTV side that we have grown 7% year-on-year, though in quarter-on-quarter from the previous quarter, it's flat, but resulting in the gross margin increase of 12% quarter-on-quarter. So that's a throughput or we can say that we have an operational efficiency in the gross margin with respect to improvement quarter-on-quarter. And also there is an improvement of 6% growth in the gross margin on platform side.

On the new engine side, that's what it represents is that new engines is a Spice Pay and the credit LSP model where we are investing in the last 2 years. And hopefully, in the couple of quarters, they will be showing some revenues and the gross margin contributing to the overall growth of the company and the gross margin. And if you see on the indirect cost side, we have a growth of almost 15% year-on-year.

This is due to the reason that we have announced already the merger that the listed company operational cost and merger cost has increased this cost significantly with respect to comparison, but some of the costs are kind of onetime, because merger operations and some takedown cost has been built in this. And if we see on the EBITDA side for this quarter on the platform, we have generated INR 4 crores EBITDA against the last quarter EBITDA of almost INR 30 lakh only.

And if we see on the EBIT side on the platform, which is the correct indicator of our business performance. And we have INR 9 crores EBIT on the platform side, which is almost 61% higher from the previous quarter. So considering this run rate of this quarter of INR 9 crores on the platform side, we expect to maintain this and grow this run rate. And of course, on the cost side, we want to be operationally efficient.

And hopefully, we will contain the indirect cost in the coming financial year and improve our gross margin and thus improving the overall EBIT on the platform side. And we will be continuing to invest in the next 2 years on these 2 new engines where Spice Pay, which is a B2C play, and also the credit that will enable us to own the customer, and do a cross-sell and upsell a lot of products, including all the financial products.

And which may result in the coming 3 to 5 years and can contribute at least 15% to 20% gross margin on the overall gross margin table. And if you see that on the PAT continued business and discontinued business, this is the first quarter we have INR 1.5 crores quarter 4, PAT for considering overall discontinued and continued business.

And if you see that discontinued business, which was earlier in the last financial year was INR 38.1 crores negative, now have come down in this financial year by INR 6.3 crores (please read as 'to INR 6.3 crores'). And if you see on the quarter 4, INR 1.1 crores. So it is on the run rate of almost INR 3.5 crores to INR 4 crores. And hopefully, this will be phased out in this financial year.

So we can say that our performance will be on the platform side, which we will intend to scale up. And from the new engines, we will continue to invest. And if we see on the notional gain loss on investment, this is kind of onetime what we had recognized on the basis of the market value of our one of the investment that has resulted in almost INR 38 crores gain in the last financial year, which has reversed in this financial year.

If we ignore this, then PAT continued and discontinued have to be considered. And I think from that perspective, we are on the positive from here on. And hopefully, we will have better and positive results going forward.

Thanks to all. And I will hand over this to Amit for further question and answers.

Amit Kumar Sharma:

Thank you, Sunil. With this, now we will open the floor for the Q&A session. Request to all participant, if you have a question, please raise your hand or write in the chat box.

We have a question from Parth Patel- Were there any notable technological upgrades or security enhancements implemented during Q4 to support increasing volume of digital transactions?

Dilip Modi:

Thank you, Parth. As far as technology and security is concerned, as a transactions platform, for us, security is very important. And as we are launching our own customer transactions platform, information security is of paramount importance. So we have invested significantly in terms of InfoSec.

And as you are aware, we also have the upcoming Personal Data Protection Act for which we need to comply. So for us, we continue to invest in tools which ensure that we have proper secure databases as well as access to data is restricted. And at the same time, it's made optional only through a proper framework. Technology is something that we continue to invest in open APIs to be able to work with multiple partners, to be able to integrate their services onto our platform.

As a leading transactions platform, our goal is to enable multiple partners to integrate their products. So our technology is more around ease of integration as well as on the customer

journey, both on our merchant product, our agent product and our customer product. So we continue to focus on that.

As we go forward, I think in the area of technology, we will look at how to drive further automation to drive efficiency and productivity. And we continue to explore areas around voice and vernacular to be able to drive adoption of both our agent app as well as our customer app. So technology and security are 2 hallmarks of our business, and we will continue to invest behind them.

Amit Kumar Sharma:

Next question comes from Sagar Shah. Are there any concrete plans to expand into adjacent verticals like wealth management, digital insurance distribution or AI-led credit scoring platforms?

Dilip Modi:

Yes. Thank you, Sagar. Yes, as we said, we want to build one of Bharat's deepest financial grid platform. And all these areas of wealth insurance and credit are part of formal financial services that we want to drive penetration for in small towns.

So we are going to be working on each of these areas over the next couple of years. Credit is something that we have already started with. As Aastha presented, we have already started scaling our credit distribution products, specifically around secured credit, because, as I said, we want to be a responsible credit distribution platform. I think AI is going to play a big role when it comes to credit assessment in terms of looking at alternate data. And this itself, we are going to run a couple of experiments around AI credit (Technical Difficulty). Wealth and Insurance are 2 big themes where product manufacturers are looking to hit in Tier 3 and beyond. And we will be working with partners as we go forward on co-creating relevant products for distribution in small towns.

So Sagar, to your question, this year is going to be very much focused around secured credit distribution as well as we will be running pilots around other formal financial products, and we will share more as we go along.

Amit Kumar Sharma:

We will move onto the next question. The next question is from Parth. Please elaborate on any significant regulatory changes that we might have faced and their impact on the operations. Also as to how the company has responded and adapted to these changes?

Dilip Modi:

So, Parth, on regulation, our network operators as the transaction network in partnership with acquiring banks. So effectively, we are regulated not as directly as a BC platform. We work with banks who are related entities. On the regulations, we are regulated on our PPI wallet business as well as on our Bharat Bill Payments operating unit business.

On these businesses, we see that the regulators looking to see an active participation of PPI licenses to drive adoption of digital payments in Bharat and India and as well as on BBPS, it is effectively becoming a collections platform at scale. On both, we are looking forward to

contributing, playing our role in contributing to the goals of the regulator and the ecosystem and to drive customer convenience and adoption for both digital payments and digital collections.

As we shared in our presentation, BBPS is a very important platform for us to drive digital collections, and we really look forward to that in the coming year. As far as Aadhaar-enabled Payment System is concerned, we continue to work to introduce new products, both around cash deposit and going forward around Aadhaar Pay, which is merchants. And therefore (Technical Difficulty).

Amit Kumar Sharma: If Sunil or Aastha can complete that answer, please?

Yes. We have Dilip, active. Sir, we lost you in between. The screen is frozen it seems. Yes, any of the 2, if you can complete the answer.

Sunil Kapoor: I think, Dilip is there.

Amit Kumar Sharma: Yes, we have Dilip. So sir, we lost you in between. If you can restart that answer, please, about Aadhaar-enabled payment.

Dilip Modi: Yes. What I was basically saying is that on Aadhaar-enabled payment system, we are looking forward to more new innovations around cash deposit and Aadhaar Pay, and these are areas that we will focus on. And as I said, on BBPS, PPI-led UPI as well as AePS, we will continue to work closely with the spirit of the regulation. And as the regulatory guidelines evolve, we will adapt with the same. Thank you.

Amit Kumar Sharma: The next question is from Sagar Shah. The agent network expanded by CAGR of 45% now reaching 2.51 lakh villages. Key strategies that are being implemented to enhance agent productivity, also drive deeper penetration into new geographies in FY '26?

Aastha Garg: So I will take that one. So the key strategies, Sagar, for enhancing the agent productivity, what we have been trying to do is we have been trying to focus on agents who are doing multiple products with us. And they're involved into high transacting values of big products that we are driving like cash management services, and bill payments and APIs. So all of these products, when these agents help us drive together, so this helps them create more value for them as they are doing heavy transaction volumes with us and they become sticky to our platform because they're able to get more enhanced product suite that we are trying to offer.

We are also trying to offer them with more products in the form of banking and secured credit, getting more lenders on our platform so that they can get more lines of business in credit itself. For example, secured loan distribution through gold loans and commercial vehicle loans and other personal loans, etc.

So all of this, we are trying to enhance the kind of products that they can work with us on. And hence, they can do more volumes with us and also for reaching out in other geographies, where initially our base was not very strong, for example, Southern and Western regions.

In the last 1 year, we have been trying to increase our distribution strength in those areas by reaching out to better agents in these areas who are big banking corresponding points, who are doing this business for a very long time and who have good knowledge about how to drive this business.

So there, we are trying to deepen this engagement by reaching out to the right people who are into this business and we are trying to strengthen our distribution partners also in these areas who can help to provide for cash support to these agents in these areas, so that they can enable financial services in the deep rural, and they can also provide these services with a larger cash support from the company and from the company's distributors and partners.

Amit Kumar Sharma: Next question from Sagar is, by when do we see the merger getting completed? Do we have to bear a loss of discontinued business in FY '26?

Dilip Modi: Sunil?

Sunil Kapoor: Yes, so merger is expected to be completed by the calendar year-end. And with respect to the discontinued business losses, you have seen that, that has considerably come down. But hopefully, maybe by the calendar year-end, because we are trying to sell those companies, because closure of those companies take its own time in every geography, there is a different set of regulations and all that. So we are trying to close it as early as possible. But for this financial year, of course, there will be a cost. But whatever you are seeing the cost as of now, even that will further reduce in this financial year.

Amit Kumar Sharma: Next question comes from Parth. What is the unit economics at Adhikari level?

Aastha Garg: So for Adhikari our major products and services, they are able to earn a good margin. So for example, they earn the best margin in the cash management product, where because of the handling of cash, they are able to make good ROIs as good as sometimes 20% to 30% in cash management business.

While in the business like AePS which are more transaction volume based, where their unit economics may not be very high, but in volumes, they earn a good number by doing this business.

Also coming to banking, in the banking space, the margin that the Adhikaris are earning is pretty good for even opening 1 account which is approximately INR 100, INR 120 account, they earn around INR 40. And for a higher value account, which is approximately INR 500 account, they earn more than INR 100 per account. So that's a good number that they are able to earn while doing this business.

- Amit Kumar Sharma:** Next question comes from Sagar. What percentage of revenue in Q4 was recurring, which is subscription service or fees versus onetime transactions? And how does this trend affect long-term growth?
- Dilip Modi:** Aastha.
- Aastha Garg:** So looking at the revenue, which was recurring, basically, we can say that today, we are at a recurring revenue of approximately INR 48 crores of gross margin that we do for a quarter. So that's the run rate that we are at. Obviously, in some quarters, we have one times that come and go. But majorly, we have closed the quarter at INR 49 crores gross margin, while we are at a running run rate of approximately INR 15.5 crores, INR 16 crores a month of gross margin, which is approximately INR 48 crores of gross margin in a recurring sense.
- Amit Kumar Sharma:** Next question comes from Shubham Sangle. What are the growth targets for both top line and bottom line? With a network of very significant number of Adhikaris, do you think this is a great asset? If yes, then at peak capacities, what is the average revenue are we targeting?
- Sunil Kapoor:** So with respect to the growth targets for both top line and bottom line, and because this is a function of whatever the products we can put up on our platform. And what we have explained that these 2 platforms, one where Spice Money Adhikari app, basically, we intend to put more and more products like credit distribution, secured and unsecured credit and other financial products also. So this top line and bottom line depends upon what is our ability to put more and more products in, which have more earning capabilities for the Adhikaris and for us also. And that will convert into the bottom line.
- And we consider that this significant number of Adhikaris is a great asset for us, because we are building a B2C model also riding on this structure and the distribution channel. And hopefully, with the customers what we are serving, almost 25 million customers we are serving every month. And this customer base we want to capitalize on through our B2C play and the credit distribution, and we intend to own those customers.
- Until now, we are like a distribution of products, but we intend to own that. That's why we are investing into these new engines by which our top line and bottom line will be up through cross-sell and upsell after we have an ownership of the customer.
- Amit Kumar Sharma:** Next question is from Shubham again. With EMI payments driving BBPS growth and focus shifting from CMS, how do you see BBPS evolving as a revenue stream in FY '26? Are there any new billers or services planned?
- Sunil Kapoor:** For BBPS I think that's a platform which NPCI is onboarding the billers on this platform, and that's a function of more and more billers coming on this, and this is having a significant growth in the past 3 to 5 years. But shifting of CMS to BBPS, this is basically the agent-based collection is shifting from agents to directly from the customers.

I think that will help in the form of the agents will be able to do the direct deposition at our Adhikari outlet, rather than going into their own branch and then aggregating that money and reconciling over there.

So it will be helpful and it will be helpful for the CMS enterprise also like these lenders. And this will be operationally efficient for them and for us also. And this will give us more revenue, because if you see the CMS Adhikaris who are doing as of now are very lesser in comparison to what the overall AePS Adhikaris are doing. So that will increase our base, and we will better utilize our base of Adhikaris if CMS is shifting from direct agent model to BBPS.

Amit Kumar Sharma:

Next question comes from Parth Patel. INR 13.3 crores were invested in growth platforms like Spice Pay and the Credit LSP business. Could you share the expected monetization time line and ROI outlook for these initiatives?

Sunil Kapoor:

I think I have mentioned it out in my presentation and identified that this investment is for the future and owning the customers going forward and providing more and more products or the financial products to them. And by this, we intend to have that in the next 2 years, this will be an investment phase.

And 3 to 5 years, we foresee that 15% to 20% of gross margin is coming from these investments.

Amit Kumar Sharma:

I think that was the last question. I would now like to hand over the call to Mr. Dilip for his closing remarks. Over to you, sir.

Dilip Modi:

Thank you, Amit. Thank you, everyone, for joining this call. I just want to reemphasize that we are a financial services platform committed to Bharat. We are focusing significantly on deepening our reach within Bharat through our agent network, as well as deepening our reach in terms of number of financial products we can enable on our agent platform for consumers in Bharat.

We believe that as we deepen further and as we onboard multiple products in the areas of credit, wealth insurance, savings, we will be able to enable product manufacturers to solve for unit economics and reach, to be able to reach to Tier 3 and beyond markets in Bharat.

At the same time, we are committed to solving for the next 100 million to 200 million UPI consumers coming from Bharat. So both with respect to agent-led distribution as well as customer-led transactions, we are focusing on becoming one of the largest digital transactions platform for Bharat on the financial side.

At the same time, on the back of digital data and access, we want to drive credit-led income growth for small merchants in Bharat. So effectively through agent-led distribution, customer-led transactions, and credit-led income growth, we believe that we want to become one of the most trusted financial services platform for Bharat. So as we continue on

this journey, we look forward to your cooperation, your support, your inputs, your guidance. And we look forward to sharing our progress on this journey with you as we go forward.

Thank you once again for joining this call. Please do reach out to us in between if you have any further questions. Otherwise, thank you so much, and we look forward to an even more exciting FY '25-'26. Thank you.

Amit Kumar Sharma:

Thank you, everyone, for being a part of this call. You may now disconnect the call.

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