

June 19, 2018

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051
Company Code No.: 539807	Company Symbol: INFIBEAM

Sub: Voluntary clarification from Company on article being circulated in social media

Dear Sir/ Madam,

We refer to the article on Infibeam being recently circulated in social media which incorrectly represents certain facts about the Company.

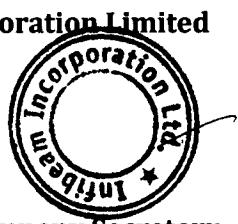
In this regard, we would like to voluntarily clarify on the said article and request you to put factual records before our shareholders and general public at large. The said clarification is attached herewith as Annexure.

We request you to kindly take the same on your records.

Thanking you,

Yours faithfully,

For Infibeam Incorporation Limited



Shyamal Trivedi
Vice President & Company Secretary

Encl: As above

INFIBEAM INCORPORATION LIMITED

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CLARIFICATION

There has been an article on Infibeam in the social media which in-correctly represents certain facts about the company. The article does not cover all of Infibeam's businesses initiatives that have led the company to demonstrate improved financial performance. It represents in-correct assumptions and data errors to arrive at wrong conclusions about the company's performance and it's abilities to be an out-performer. It is our duty to put factual records before our shareholders and general public at large.

Below are some of the material points that we would like to clarify from the article:

1. The article makes some assumptions about CCAvenue (CCA) having a flat growth in FY18

CCA is a payment gateway provider to majority of web merchants in India having an Internet presence. Majority of the Debit cards, most Credit cards, UPI, Rupay including nearly 250 payment options are integrated into CCA. As a strategy, the company has earned positive spread on the transactions processed from inception. As communicated in our latest FY18 earnings call, CCAvenue contributed significantly to IWS (Infibeam web services) revenue, processing more than 100 million transactions annually, which is earned on payments processed worth INR 21,550 crore in FY18 (vs. 12,200 crore in FY17).

It has been the philosophy of the company to forward invest, but not to burn cash in order to just to gain market share; rather to continue generating profits while increasing the market share.

2. The article talks of very high GMV (Gross Merchandising Value) from IWS based on reverse calculation assuming certain take rate.

The take rate (revenue) and the net margins on successful transaction processing volumes are both different concepts and the article seems to have mixed the two concepts thus arriving at a calculation of some high GMV.

From successful transaction processing, it is reasonable to assume that the company earns around 25-30 basis points net margins on a take rate upwards of 120 basis points. The article assumes 'net margin' as 'take rate' to reverse calculate and come up with high GMV, which is factually incorrect.

3. The article talks about average time spent by customer on Infibeam comparing with other websites and confuses with transaction time for order placement.

The article confuses average time spent on site by customer and customer transaction time. As per article, Alexa shows 3.05 min average time spent by customer on Infibeam and further raises questions on how customers transact within the average timeframe. It is observed that for many of the large marketplaces globally, Alexa reports similar transaction times with GMV of hundreds of millions of dollars. For example, Rakuten (2.43 min), Woot.com (2.47 min), Target.com (3.24 min), Barnesandnoble.com (2.41 min) - source Alexa.

4. The article talks about tail products being sold through our IWS platforms.

Infibeam IWS does not sell products. It sells web services for which it charges merchants by way of successful transactions. In an online marketplace, the fast selling products and services can generate volumes and profits are very hard to achieve because the prices are always very competitive.



Infibeam has adopted a different strategy to focus on products, which are not necessarily fast selling products. However, they do sell for the value that they possess. While the fast moving consumer products have lower profit margins. Infibeam believes in selling such products where they remain contribution positive. As an example, a dairy product company would sell milk, butter, ghee and cheese in physical stores. However, other low velocity products for example paneer, frozen pizza etc. are sold online and fulfilled generating sales with better profit margins.

5. The article talks about Rs. 2000 crore in QIP hints at the payments bank business, and that's where the next acquisition could come from.

Company has not announced any plans to venture into the payments bank business. Furthermore, any hint on acquisition in payments bank business is purely speculative. Upto 2000 crore capital raise is approved by the board and pending shareholder approval in EGM scheduled on June 28, 2018. This is an enabling provision and company will announce updates as and when they become available.

6. The article talks about setting up of our office in GIFT City, which according to the article is remote and disconnected place in small city of Ahmedabad.

Company has taken up an advanced position in GIFT City location with approx. 0.45m sq. ft. location, which is built on world-class standards with a purpose to strengthen the country further as an International Financial hub. GIFT is an abbreviation for Gujarat International Finance Tec-City and in close proximity to the Ahmedabad airport. Some of the largest companies in India and International including Oracle, TCS etc. have setup their offices. GIFT houses some of the best corporates, has a World Trade Center, has stock exchanges and the land is currently seeing significant development activities.

Ahmedabad is a metro city and Gandhinagar is a well-planned city and both these cities supply lots of talent. Some of the finest Colleges in the country including IIT, IIM, NID and regional engineering colleges are located here. Furthermore, along with headquarters in Gift City, the Company also has significant employee workforce and office locations in Delhi, Gurgaon, Mumbai and Bangalore.

Finally, as part of corporate governance, company publishes monitoring report to stock exchanges every quarter and will continue the same practice. The latest report as of March 2018 is available on the stock exchange website. (<https://www.bseindia.com/xml-data/corpfilng/AttachHis/11f27b48-22b4-4a2f-b951-38f051f8d075.pdf>)

