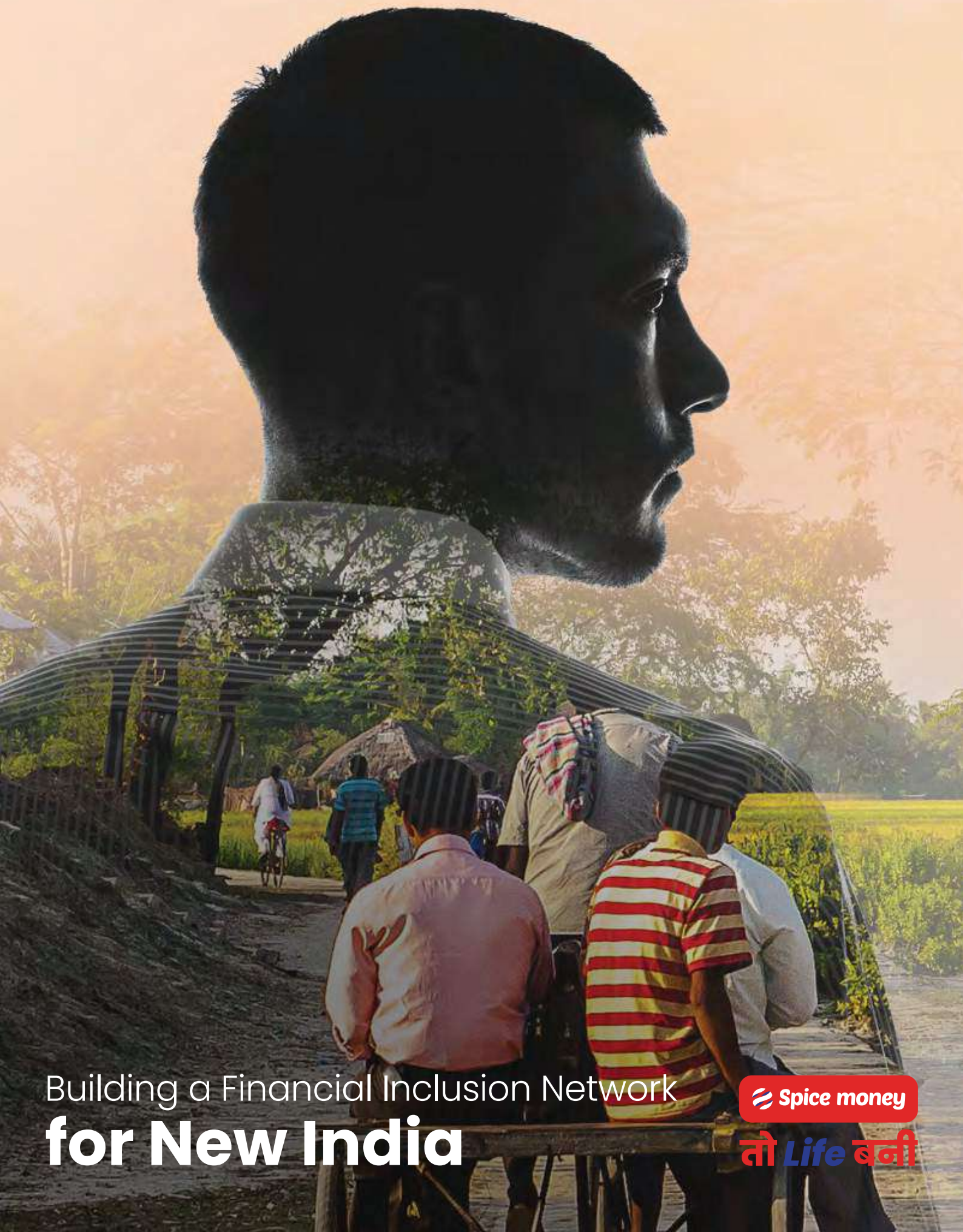


Annual Report
2022-23

DiGiSPICE



Building a Financial Inclusion Network
for New India

 Spice money

तो **Life** बनी

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About us

With the purpose of fintech for good, DiGiSpice Technologies Limited, with its subsidiary Spice Money Limited, is building a network of nanopreneurs for emerging India and offering last-mile delivery of financial and non-financial services through its intuitive platform for emerging India.

Scripcode

BSE: 517214

NSE: DIGISPICE

Market capitalisation: ₹ 43,993 lakh
(as on 31st March, 2023)

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The Growth Engine
of New India



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Creating a Financial
Inclusion Network

Scan below QR to view our
Annual Report 2022-23



Building a Financial Inclusion
Network for New India

The emergence of “New India” is intricately woven with the transformative energies of rural and semi-urban regions, fuelling innovation, economic resilience, and inclusive progress across the nation. The paradigm shift is marked by evolution of economic and social forces, with a resurgence in access to education, technology, and financial services. This propels local communities to the forefront of this development journey.

These regions are driving India’s journey towards holistic development, redefining its socio-economic landscape and creating opportunities that resonate with the aspirations of its diverse population. Further, Government initiatives designed to steer the nation towards comprehensive economic transformation act as a catalyst.

These regions are a key contributor to the nation’s gross domestic product (GDP). Hence, empowerment of communities residing in these regions becomes extremely significant in the country’s ambition to achieve a \$ 5 trillion economy. However, the financial landscape of these regions remains largely untapped owing to limited access to banking infrastructure, keeping the rural and semi-urban populace heavily reliant on cash for monetary transactions due to their limited financial and digital literacy and underlying trust issues.

Amidst this, our subsidiary Spice Money has ingeniously woven a tapestry of rural and semi-urban empowerment through its strong network of 1.2 million nanopreneurs (called Spice Money Adhikaris). This network is dynamically driving financial inclusion, penetrating the remotest corners of rural and semi-urban India. These Adhikaris act as the bridge narrowing the gap between the unbanked and the formal economy, offering secure avenues for credit and e-commerce.

Despite the challenges posed by the pandemic, Spice Money has charted an astonishing 66% compound annual growth rate (CAGR) in Gross Transaction Value (GTV) since 2020. This serves as a testament to the efficacy of our approach. Our mission is to not only sustain this growth but also harness the prevailing revenue opportunities by leveraging our existing platform and network of Adhikaris.

Simultaneously, we are nurturing the potential within the rural markets of today, encompassing financial and non-financial products and services. Further, we are poised to tap into this disruptive revenue stream of the future, aligning ourselves with the evolving needs of the emerging India.

In essence, our journey transcends financial transactions. It symbolises empowerment, progress, and a transformative leap towards an equitable, prosperous India-the New India.

FY 2022-23 highlights

₹ 1,015 crore

Revenue

+2.51% YoY

₹ 949 crore

Fintech revenue

+11% YoY

₹ 1,00,602 crore

Spice Money
customer GTV

+20% YoY

Feature Story

Semi-urban and Rural India: The Growth Engine of New India

India's vast rural and semi-urban economy has been steadily expanding in recent years, becoming a significant driver of the country's economic growth. Enhanced technology access and infrastructure development has made these regions more accessible and spurred demand for goods and services. These regions have historically been underserved due to infrastructure gaps, limited finance access, and product awareness challenges. However, recent Government initiatives and the ascent of digital platforms have transformed this landscape.

>65%

Of India's population lives in the rural and semi-urban regions

~14.2%

Annual growth in rural super rich households, fastest in the country

67.7%

Rural literacy rate

51%

Share of rural India in total MSME ecosystem

35%

Contribution of rural economy in the country

360 million

Rural internet users

However, semi-urban and rural India still lacks significant access to last-mile financial services, hindering the overall growth potential.

~20%

Of total ATMs in India are in rural areas, significantly lower than urban centres

22%

Of the rural population owns life insurance products

~\$530 billion

Rural credit gap

Spice Money providing financial and non-financial services at the doorstep

Spice Money brought banking and other services to rural and semi-urban India through a unique phygital model by appointing local community members as Spice Money Adhikaris. We have been able to cover more than 99% pin codes across the country and offer a plethora of products and services. These Adhikaris, being local community members, evoke trust among the residents due to their personal connections.



Essence of Spice Money

We provide an array of e-services...

with nanopreneurs at the core

to semi-urban and rural India

through a phygital delivery mode

Feature Story

Digital Public Infrastructure: Game changer in India's financial inclusion quest



India's path toward digitalisation stands apart from the global landscape. It has established an extensive digital public infrastructure on an unprecedented scale. At the core of this infrastructure lies the 'India Stack,' a set of open Application Programming Interfaces (APIs) that are unlocking essential economic building blocks such as identity, payments, and data. This framework is instrumental in creating a network that streamlines transactions and enables the seamless provision of goods and services.

The India stack

The expansion of India Stack has spurred financial inclusion, providing a secure platform for digital payments and banking services. The integration of Aadhaar and biometrics streamlines authentication and identification, minimising time and effort to access financial services in rural areas. It has created a secure, open, and interoperable digital ecosystem for businesses and individuals and has three pillars that offer multiple services.

The three pillars of India stack



Identity

Giving every Indian a unique identity

- ♦ Aadhar
- ♦ eKYC
- ♦ eSign



Payments

Allowing anyone to pay anyone, anytime

- ♦ Unified payment interface or UPI
- ♦ Aadhar bridge
- ♦ Aadhar enabled payment system



Data empowerment

To enable secure data sharing

- ♦ Consent artifact
- ♦ DigiLocker
- ♦ Account Aggregator

Key components of India stack

Aadhaar identity system

At the heart of India Stack lies Aadhaar, which allows individuals to electronically prove their identity and access numerous services even if they lack traditional identification documents.

Unified payments interface (UPI)

UPI is a real-time payment system that enables users to link multiple bank accounts into a single mobile application. This simplifies peer-to-peer transfers, merchant payments, bill payments, and more, making it easier for residents to engage in cashless transactions.

Digital KYC (Know Your Customer)

India Stack's digital KYC enables remote verification of documents relating to identity and address, streamlining the onboarding process for financial services such as bank accounts, loans, and insurance.

e-Sign

This allows individuals to digitally sign documents and forms, eliminating the need for physically doing the paperwork and signing.

Digilocker

Digilocker provides a secure digital platform to store and access important documents electronically. It has streamlined the process of accessing and sharing essential documents for various financial transactions.

Impact

Accessibility

India Stack has brought financial services closer to rural residents. With a simple smartphone connected to the internet, individuals can access banking services, make payments, and avail various financial products.

Reduced costs

Digital transactions through India Stack have reduced the need for physical infrastructure and paperwork, thereby lowering transaction costs for both financial institutions and consumers.

Credit access

Through digital records and transactions, rural residents can build a credit history, making it easier for them to access loans and other credit facilities, which were otherwise out of reach due to lack of documentation.

Entrepreneurship and microfinance

The simplified digital processes have encouraged entrepreneurship in rural areas. Small businesses and entrepreneurs can access credit, receive payments, and manage their finances more efficiently.

Government benefit transfers

Direct benefit transfers for various Government schemes are now facilitated through India Stack, ensuring that subsidies and welfare programmes reach the intended beneficiaries without intermediaries.

Feature Story

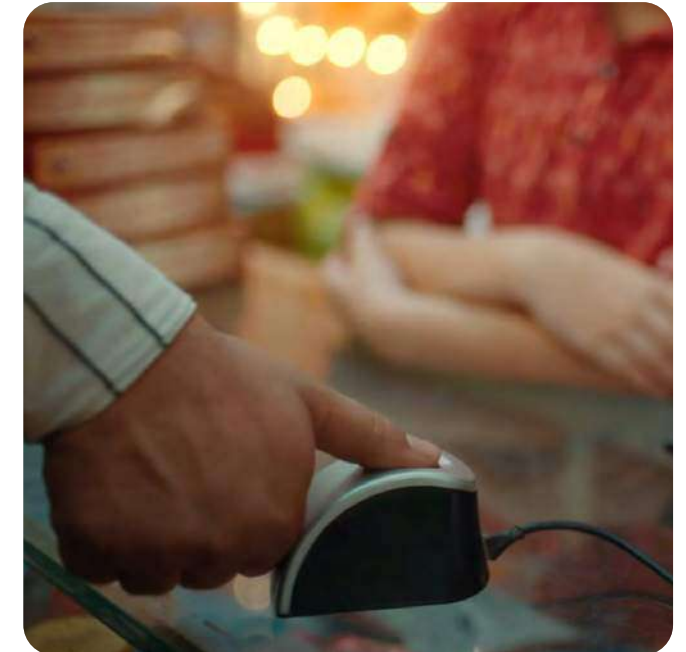
Aadhaar-enabled Payment system – a trailblazer for rural and semi-urban India

Aadhaar-enabled Payment System (AePS) has brought a significant change to rural and semi-urban India's financial landscape.

It acts as a powerful tool that connects the gap between traditional banking and people who were previously not part of the banking system. Introduced in 2016, AePS has become widely accepted, making up almost 40% of daily Aadhaar authentications, totaling around 8 crore. AePS has also enabled financial inclusion for those with lower incomes, allowing 219.3 million banking transactions to take place in March through micro-ATMs in remote areas.

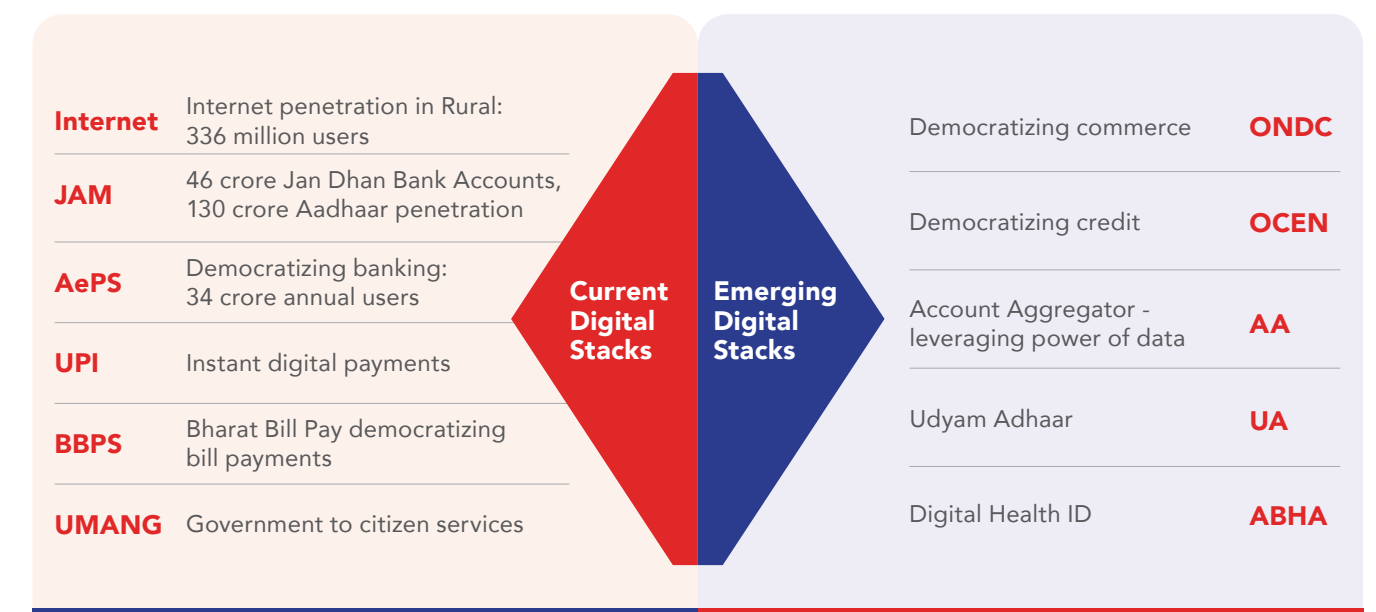
**Platform for bridging the gap**

The expanding digitization through India Stack has spurred financial inclusion, providing a secure platform for digital payments and banking services access. The integration of Aadhaar and biometrics on Spice Money platform streamlines authentication and identification, minimizing time and effort to access financial services in rural and semi-urban areas. It has created a secure, open, and interoperable digital ecosystem for businesses and individuals, offering multiple services including Aadhaar, e-KYC, Digital Locker to create new PAN cards, open bank accounts and avail credit facilities among others.

**UPI – a remarkable success story**

UPI is another Indian success story of digital innovation and financial inclusion. It has revolutionised the way Indians make payments. UPI accounted for 75% of retail digital transactions in the country during 2022-23.

It has become interoperable with other payment systems, such as Bharat QR, RuPay cards, FASTag, and Aadhaar-enabled Payment System (AePS). It reached a remarkable milestone of 1 billion daily transaction in January 2023.

Building on India digital stack

Feature Story

Fintechs Driving Financial Inclusion

In the recent past, financial technology companies in India has undergone a transformative change to bring about a significant impact on the country's economic landscape. They have been catalysts for driving financial inclusion, especially in rural and semi-urban India.



Providing digital alternatives

Traditional banking remained largely inaccessible for semi-urban and rural population owing to lack of documentation, remote locations and limited access to traditional banking. Fintech companies leveraged technology to offer alternatives for individuals to open accounts, access credit and make transactions without the physically present.



Driving digital payments

Fintech firms are leading the way in developing digital payment systems using mobile wallets and UPI-based applications to make digital transactions easier. This convenience has not only changed how people make payments but has also encouraged those who didn't have access to banking services to get involved in financial activities.



Ease of access

Fintech companies are creating mobile apps and web platforms to carry out financial and non-financial transactions.



Alternative credit scoring models

Fintech firms have introduced innovative models to measure creditworthiness. These methods consider different types of data like digital transaction records, social media usage, and online habits. This results to, more people now have access to credit options, even if they were considered ineligible using traditional credit evaluation methods.



Driving financial literacy

Fintech companies understand the significance of improving their customers' understanding of finance. Many fintechs are actively working on providing educational materials, holding workshops, and arranging online seminars to enhance people's financial knowledge. By giving individuals the right information, fintechs enable them to make better choices, steer clear of potential issues, and effectively manage their financial journey.



Spice Money providing access in rural and semi-urban regions

Spice Money stands as a transformative fintech platform, leveraging its technological prowess to elevate rural and semi-urban India with innovative financial solutions. By offering diverse services Spice Money enriches financial ecosystems. Beyond transactions, it empowers through financial literacy resources and local entrepreneurship support.

Feature Story

Creating a Financial Inclusion Network

Spice Money's journey began with the vision of bridging the rural-urban divide by addressing two major challenges—lack of access to banking and financial services as well as rising unemployment across the hinterlands of India. We have taken essential steps to provide rural consumers with a host of services owing to our technological expertise and deep understanding of rural markets, while creating employment opportunities through the creation of a nationwide network of nanopreneurs.

Vision

To be the largest platform for Fintech for goods delivering last mile Financial & Non-Financial e-Services for emerging India.

Mission

To Digitally & Financially Empower 10 Million Nanopreneurs for Emerging India.

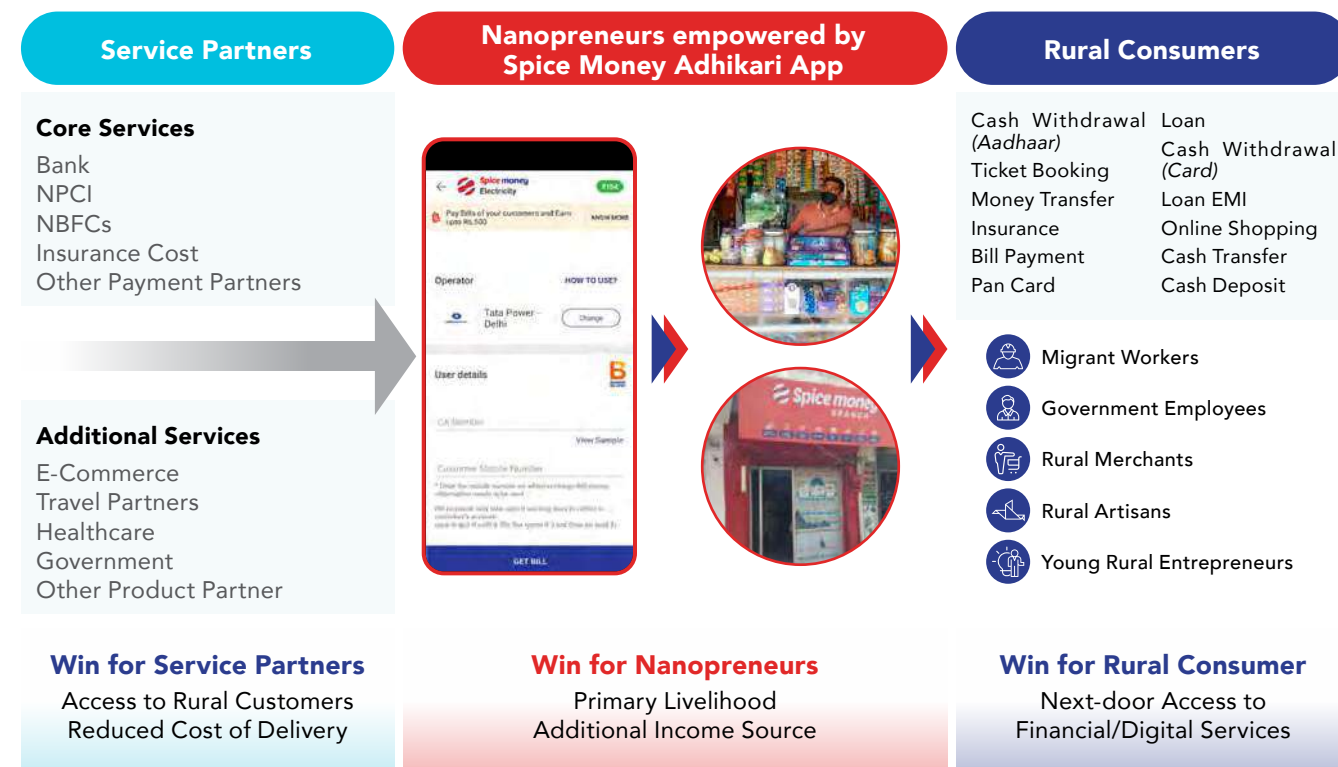
With technology as the backbone, Spice Money created a unique phygital business model with a network of more than 1.2 Mn Adhikaris, covering more than 98% of the country's pincodes. These local nanopreneurs, also called Spice Money Adhikaris, are embedded within the communities they serve, offering personalised assistance and building trust.

Spice Money harnesses the extensive Adhikari network and existing India digital public infrastructure to provide an extensive array of services. We've forged partnerships with diverse entities in banking, NBFCs, and insurance sectors, extending a gamut of financial offerings. Moreover, collaborations with e-commerce giants, and travel agencies have broadened our service spectrum, encompassing online shopping, ticket reservations, and more. Additionally, our Adhikaris play a pivotal

role, offering services like PAN Card registration, loans, and facilitating direct benefit transfers for various Governmental initiatives.

We have leveraged the biometric based identification system to offer services beyond financial products. We issued 19 Lakh PAN cards and over 1.5 Lakh Udyam Aadhaar cards to date through our Adhikari network spanning more than 2.37 Lakh villages continuing its effort to provide a host of Government services at the doorsteps of Bharat.

We are the only profitable rural fintech ecosystem that has a purpose-driven network and builds nanopreneurs for rural India. Our Adhikaris (nanopreneurs) are self-reliant and the most financially and technologically literate in the community.



RedBlue revolution

We introduced the RedBlue Revolution as an inventive approach, assigning "Smart Banking Points" a distinctive identity by blending red and blue hues for branding. Inspired by the 90s' success of yellow in Public Calling Booths, this strategy aims to create memorable touchpoints for our customers.

Red conveys dynamism, symbolizing growth, while blue instills trust and safety. This amalgamation captivates attention and fosters reliability. Visually impactful, the colour scheme ensures visibility, even in crowded spaces, boosting footfall and business prospects. For outlet owners and communities, the revolution signifies unique local partnerships, addressing rural consumer needs, building trust, and solidifying community bonds. Our customers stand to gain as well, as the initiative ensures that they can easily spot and access their local banking outlets. This initiative was put into action to commemorate India's 75th Independence Day and promote financial freedom in rural India.

Corporate Portrait

Leading the way in Financial Inclusion

Over the years, Digispice has acted as a key catalyst of financial inclusion in Rural India. Through our subsidiary Spice Money, we have created an ecosystem of rural nanopreneurs who provide wide array of products and services to the underserved population of our country. We leverage the power of digital technology to reach the rural masses and provide them ease financial transactions.

At Spice Money we offer essential digital and financial e-services such as cash deposits and Aadhar-led withdrawals, micro-ATM (m-ATM) services, and lots more to the rural citizens using the Spice Money Adhikari app (with a rating of 4.4 on Google Play Store) and web portal.

We are also building our largest m-ATM network that will help address the grappling issue of low penetration of ATMs and absence of a physical banking infrastructure for rural India residents.

1.2 million

Adhikaris

18,800+

Pin Codes

6,450+

Blocks

2.37 lakh+

Villages Served

10 crore

Households Served

700

Districts

जो अब तक थी बड़ी बात, mATM से हुई आसान

ग्राहकों को मिली सुविधा और आपकी दुकान को नई पहचान



Offerings

Banking Services at Doorstep

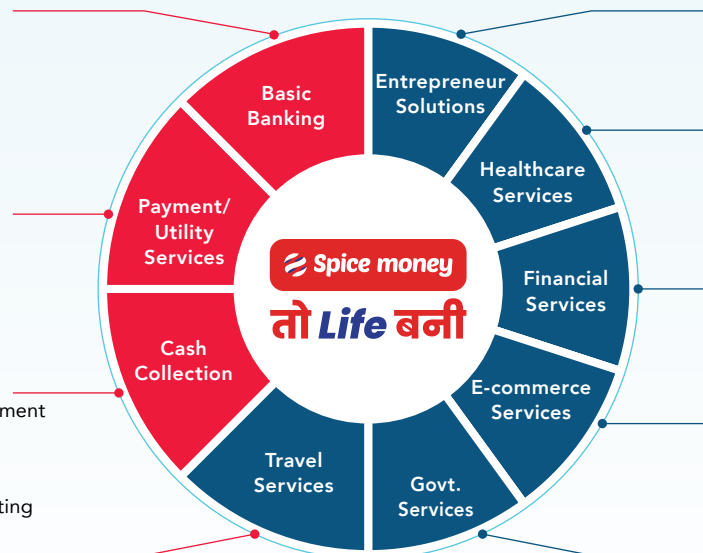
We offer solutions that cater to the financial and digital needs of rural India. Through our army of Spice Money Adhikaris, we deploy cutting-edge technologies to render our services across the country.



Digital platform for Nanopreneurs in Emerging India

Core Business Lines

- m-ATM
- Cash Withdrawal
- CASA
- Cash Deposit
- Balance Enquiry
- Remittance
- Digital Payment
- Bill Payment
- Mobile/DTH Recharge
- e-PAN Services
- Loan/EMI collection
- Enterprise Cash Management
- Railway/Bus/Flight Ticketing
- Tour Packages
- Hotel Booking



New Business Lines

- Digital payments
- CRM
- Khata
- E-Pharmacy
- Diagnostics
- Telemedicine
- Savings
- Investments
- Insurance
- Credit
- ONDC B2B & Buyer & Seller Apps
- G2C Services – UMANG

Tech & Data Enabled Platform Leveraging Adhikari Network



Banking services

We provide rural residents convenient access to services such as cash deposits, withdrawals, and money transfers through our extensive Spice Money Adhikari network. These services are easily reached using an Adhikari app and portal, employing an NPCI-enabled AePS stack, and connected devices for essential cash out services. To avail a range of financial services, like cash withdrawals and deposits, customers only need to provide their Aadhar card and bank details.



Payment services

Through our platform, we offer access to the country's most extensive micro-ATM network. This network enables card-based cash withdrawals and empowers rural citizens to use the card device for paying consumed services as well. Further, we are using Bharat Bill Pay System (BBPS) to provide bill payment services through the Spice Money Adhikari network.



Cash collection services

Spice Money Adhikari outlets serve as Cash Collection Points, facilitating the deposit of insurance premiums, loan EMIs, and other payments by agents, customers, and bank representatives.



Bill payment services

Our Adhikaris are empowered to receive payments for various utility bills like water, electricity, gas, and broadband using the Bharat Bill Payment System ('BBPS'). This service extends to other payments such as Fastag, Municipal Corporation Tax, LIC Premiums, and numerous additional services through the BBPS.



Loan services

Through extensive collaborations with several Banks and NBFCs, have created a marketplace model to offer swift convenient, and attractive loan solutions to our Spice Money Adhikaris as well as rural customers.



Devices and other services

We equip our Adhikaris with relevant devices such as biometric scanners, printers, and micro-ATM devices, along with the necessary services. This empowers them to facilitate the issuance of PAN cards for consumers right at the Spice Money Smart Banking points.



Travel Union

Positioned as a leading travel brand catering to rural India, Travel Union stands out by presenting an exceptional inventory, competitive pricing, and cutting-edge technology-driven support systems tailored for travel agents, small enterprises, and corporations. We operate with a seamless onboarding process that entails no upfront costs and empowers travel businesses to effortlessly access and book trains, buses, flights, hotels, and comprehensive tour packages directly.



Message from the Chairman

Empowering Emerging India



Dear shareholders,

It's a pleasure to write to you once again to share the developments in the DiGiSpice business over the last year. As co-owners, you would be interested to know the details and reasoning behind how the business is performing, and what are our plans for the future. Every year, through this letter, I hope to provide this information.

In FY 22-23, we have reported a consolidated EBITDA loss of ₹ 14 crore compared to EBITDA profit of ₹ 14 crore in the previous financial year. An increase in losses within our legacy Telco VAS businesses (₹ 23 crore loss in FY 23 from ₹ 8 crore last year) and a decline in profits in the subsidiary Spice Money (₹ 9 crore EBITDA in FY 23 as compared with ₹ 22 crore last year) contributed almost equally to this. However this decline in profitability is due to reasons that are temporary and part of normal business growth which tends to ebb and flow. Importantly, we have made significant progress on our long term goals of expanding our network, rationalizing our product portfolio and working on attractive adjacent opportunities. We are today in a far better position to go after spaces that are bigger and will allow us continuous success and growth in the years to come. I am confident that as you read through the letter, you will share in this optimism.

DiGiSpice has 2 business segments - the legacy telco and enterprise services business which is reported in the standalone and consolidated financials and the fintech business housed in the subsidiary Spice Money, which gets reported as part of the consolidated accounts. Last year, I had mentioned to you that we have been facing challenges in our legacy telco & enterprise segment. We tried hard to find alternate growth areas, mainly because of our belief in the quality of management, and to honour our customer contracts, both of which have been with us for a long time. We had hoped that the business could run close to break-even and with time, might find and exploit new growth opportunities. However, despite our best efforts, we failed to arrest the decline. Thus at the start of the current financial year, the Board and the management, after considering the recurring losses, lack of product-market fit, and investments required just to remain sustainable, took the decision to exit from this business segment. We are working to ensure a smooth exit while honouring the interests of all stakeholders and are confident to complete the process before the end of this financial year.

Once this exit is complete, the Fintech segment housed in the subsidiary Spice Money, whose numbers are today reported as part of consolidated results, will comprise almost the whole of DiGiSpice business, and its performance and prospects will drive those of DiGiSpice.

As many of you are aware, Spice Money was formed on a simple but important insight – that the realities and requirements of Bharat are different from those of India and there are opportunities to profitably provide for these requirements by using technology creatively. I have spoken in detail about this, and how Spice Money came to be in my last letter with the Annual Report for FY22 (<https://bit.ly/ANNFY22>). Those of you who may not have read that but are interested to know more can refer to it.

Spice Money is today focused on addressing the challenges faced by the rural and semi-urban consumers and businesses due to limited access to formal financial services. Our journey started with AePS, an NPCI solution that allows account holders to access their accounts, make withdrawals and deposits using their Aadhaar numbers and thumb prints alone. Over time, AePS+Aadhaar is transforming into a fundamental identity protocol, facilitating a wide array of financial transactions beyond mere payments. Concurrently, our network of enterprising nanopreneurs, referred to as "Spice Money Adhikaris (SMAs)" has expanded across the entire nation. Initially established as service points for cash withdrawals and money transfer services, this network is now ready to offer an extended range of products and services. We have thus entered a virtuous cycle, introducing products to service growing needs of an expanding consumer base, thereby fostering network growth and loyalty, which in turn enhances our ability to attract partners who are able to deliver a more diverse set of products and services profitably. This forms our core strategic approach.