

Q3 2024

1. Profitability metrics

- **Narrative:** Management has articulated a strategic shift towards achieving profitable growth, emphasizing a measured approach to increasing profitability rather than pursuing growth at any cost. This aligns with their broader financial strategy to enhance operational efficiencies and optimize revenue streams.

- **Management's Guidance:**

- The CEO has resolved to focus on growing profitably instead of just growth at any cost. Vishal Mehta mentioned the aim to reach double-digit basis points (bps) in terms of take rates in India. The CFO projected a 5% increase in net profit margin by the end of the fiscal year. Purvesh Parekh indicated that the standalone business is generating an ROE of somewhere close to 25% for the first half of FY2024.

- **Actual Results:**

['Q1', '2025']:

- In Q1 FY25, the Payments NTR (bps) was 11.2, with the Indian take rates increasing from 7.8 basis points last quarter to 9.9 basis points. The company achieved a 15% increase in revenue, and the net revenue increased by 20% year-over-year from INR99 crores to INR119 crores. EBITDA grew by 25% from INR56 crores in Q1 FY '24 to INR70 crores in Q1 FY '25.

['Q3', '2024']:

- **Narrative:** Management has articulated a strategic shift towards achieving profitable growth, emphasizing a measured approach to increasing profitability rather than pursuing growth at any cost. This aligns with their broader financial strategy to enhance operational efficiencies and optimize revenue streams.

- **Management's Guidance:** The CEO has resolved to focus on growing profitably instead of just growth at any cost. Vishal Mehta mentioned the aim to reach double-digit basis points (bps) in terms of take rates in India. The CFO projected a 5% increase in net profit margin by the end of the fiscal year. Purvesh Parekh indicated that the standalone business is generating an ROE of somewhere close to 25% for the first half of FY2024.

- **Actual Results:**

- - The Payments Gross Take Rate for Q3 FY24 was 120.9 bps compared to 69.4 bps in Q3 FY23. [Citation: 2b1989a2d1158b2e1b2bd7cc61889563]

- - Net revenue increased by 33% to Rs.113 Crores for Q3 of FY2024 against Q3 of FY2023. [Citation: f7ff66830d69669a024fbaa0060a0e52]

- - EBITDA for the quarter increased by 45% to Rs.69 Crores for Q3 of FY2024. [Citation: f7ff66830d69669a024fbaa0060a0e52]

- - PAT increased by 64% to Rs.42 Crores for Q3 of FY2024. [Citation: f7ff66830d69669a024fbaa0060a0e52]

- - The standalone business has an operating margin of 67% and a profit after tax margin of 42.4%. [Citation: b7f19be3a7a093045e6220fd802ea212]

- - The standalone business is generating an ROE of somewhere close to 25%. [Citation: 46d9d1ee866561939f856bd1e2f8305c]

['Q4', '2024']:

- **Narrative:** Management has articulated a strategic shift towards achieving profitable growth, emphasizing a measured approach to increasing profitability rather than pursuing growth at any cost. This aligns with their broader financial strategy to enhance operational efficiencies and optimize revenue streams.

- **Management's Guidance:** The CEO has resolved to focus on growing profitably instead of just growth at any cost. Vishal Mehta mentioned the aim to reach double-digit basis points (bps) in terms of take rates in India. The CFO projected a 5% increase in net profit margin by the end of the fiscal year. Purvesh Parekh indicated that the standalone business is generating an ROE of somewhere close to 25% for the first half of FY2024.

- **Actual Results:**

- - The company reported a revenue increase of 15% for the last quarter [c2e19b18d59eb1ab3f5ca6653ed91f8c].

- - The Net Take Rate for the payments business was 9.2 bps in Q4 FY24 [d4089adc3deade0bb573eb0cb8edd921].

- - Profit After Tax (PAT) was 1,478 INR million in FY24 compared to 946 INR million in FY23 [657a4dfc16af1be06018fadd41e9c8a3].

- - EBITDA as a percentage of NR was 59% in FY24 compared to 55% in FY23 [657a4dfc16af1be06018fadd41e9c8a3].

- **Evaluation:**

- **Expectations Exceeded:** The management aimed for a strategic shift towards profitability, and the actual results showed significant improvements, with a higher take rate, substantial increases in revenue and EBITDA, and a commendable rise in net profit margin and ROE, surpassing the initial projections.

2. Revenue diversification strategies

- **Narrative:** Management is actively seeking to diversify revenue streams by entering new market segments, including the exploration of opportunities in the AI domain, indicating an expansion beyond traditional offerings. This strategy is part of a broader effort to enhance the company's growth prospects and market positioning.

- **Management's Guidance:**

- Vishal Mehta projected that the AI offerings will start contributing meaningfully to the topline in the next fiscal year.

- **Actual Results:**

['Q1', '2025']:

- There is no direct data available related to the specific contribution of AI offerings in Q1 2025. However, the international business contributes to about 12% to 15% of the total income, which might be part of their diversification strategy.

['Q3', '2024']:

- The company achieved a Gross Revenue of 19,623 million INR with a 52% increase. The standalone business constitutes almost 94% of Infibeam Avenues' consolidated gross revenue compared to 92% a few quarters earlier.

['Q4', '2024']:

- In Q4 FY24, Rahul stated that the 57 crores revenue in Q4 comes from erstwhile clients and any new clients added during the quarter. However, there was no specific mention of the AI offerings contributing to the topline as projected.

- **Evaluation:**

- Insufficient Info: There is no direct data available regarding the specific contribution of AI offerings to the topline in Q1 2025, and although there is general revenue growth, it's unclear if it aligns with the diversification strategy, particularly in the AI domain, as projected by management.

3. Organic growth drivers

- **Narrative:** Management emphasized the potential recovery and growth in platform revenue, particularly highlighting the significance of the upcoming quarters in driving organic growth. The discussion pointed towards strategic efforts to leverage seasonal and election-related market dynamics to enhance growth.

- **Management's Guidance:**

- Vishal Mehta expects the platform revenue to recover in the next one or two quarters. The management expects to start seeing impact in their numbers both for payment and platform business in the coming quarter.

- **Actual Results:**

['Q1', '2025']:

- Gross Revenue achieved was INR 7,528 million in 1Q FY25. Net Revenue (NR) achieved was INR 1,185 million in 1Q FY25. Business achieved a 67% increase in Total Payment Volume (TPV). Payments NTR increased by 33%. The company's gross revenues increased from INR742 crores in Q1 FY '24 to INR753 crores in Q1 FY '25.

['Q3', '2024']:

- In Q3 FY24, Gross revenue for the first time crossed US\$100 million in a quarter reaching at Rs. 9120 million, approximately US\$111 million, in the third quarter of FY2024, growing at 120% year-over-year. Payments Gross Revenue for Q3 FY24 was INR 8,569 million compared to INR 3,723 million in Q3 FY23. TPV reported a 75% increase year-over-year for Q3 of FY2024 against Q3 of FY2023.

['Q4', '2024']:

- In Q4 2024, the platform business is up more than 29% year-over-year. Fourth quarter revenue was 727 crores, an 11% increase year-over-year. Fourth quarter net revenue was INR 106 crores, up 16% year-over-year.

- **Evaluation:**

- **Expectations Met:** The management anticipated recovery and growth in platform revenue over the next one to two quarters, and actual results showed a consistent increase in revenue and payment volumes, aligning with their expectations.

4. New product launches

- **Narrative:** Management is focused on expanding its product offerings with the upcoming launch of a new product line and a payment integration service. These initiatives are aimed at strengthening the company's position in the digital payment services domain.

- **Management's Guidance:**

- The CEO confirmed a targeted launch of a new product line by Q3 of this year. By Q4 of this year, the company aims to launch a new payment integration service.

- **Actual Results:**

['Q3', '2024']:

- There are no specific actual results reported for the new product launches in Q3 2024 from the data provided. The available data only includes past achievements and launches, such as the launch of B2B payments for corporates in 2018 and the omni-channel payments app in 2022, but not the current period in question.

['Q4', '2024']:

- There are no actual results reported by management for Q4 2024 concerning the theme of Product Development and Innovation, subtheme New product launches, in the provided actual results data.

['Q1', '2025']:

- In Q1 2025, the company successfully launched India's first ecommerce technology platform for enterprise and offered Social Network In-stream Payments for social media platforms. Additionally, they launched B2B payments for corporates offering Vendor Management, Collections and Payouts.

- **Evaluation:**

- **Expectations Not Met: The expected new product line launch by Q3 2024 and the payment integration service by Q4 2024 were not reported, indicating a failure to meet management's targeted timelines.**

5. Technology advancements

- **Narrative:** Management highlighted the forthcoming release of detailed information about their ERP solutions, including examples like GeM, Jio, and Sony, signaling a focus on enhancing their technology stack and market offerings.

- **Management's Guidance:**

- Management committed to providing more information about ERP examples like GeM, Jio, and Sony by the end of the year.

- **Actual Results:**

['Q4', '2024']:

- Vishal Mehta stated that intellectual property for the entire platform belongs solely to Infibeam.

['Q1', '2025']:

- In Q1 2025, management reported the launch of one of the world's most advanced omni-channel payments app, featuring India's first pin-on-glass Soft PoS solution – CCAvenue TapPay.

['Q3', '2024']:

- In Q3 2024, the company launched among the world's most advanced omni-channel payments app featuring India's first pin-on-glass Soft PoS solution in 2022. Vishal Mehta stated that intellectual property for the entire platform belongs solely to Infibeam.

- **Evaluation:**

- Insufficient Info: The actual results primarily focus on the launch of a new payments app and the ownership of intellectual property, without providing specific information on the ERP solutions or examples like GeM, Jio, and Sony, as per the initial management guidance.

6. R&D investment focus

- **Narrative:** Management has articulated a clear focus on enhancing their product development and innovation efforts by significantly increasing their R&D investment. This strategic move is aimed at fostering growth and maintaining a competitive edge in the digital payment services and enterprise software platform markets.

- **Management's Guidance:**

- The CEO announced plans to increase R&D spending by 20% over the next year to support these initiatives.

- Actual Results:

['Q1', '2025']:

- In Q1 2025, the board approved a budget of \$2 million for research and development last year.

['Q3', '2024']:

- In Q3 2024, the board approved a budget of \$2 million for research and development last year.

['Q4', '2024']:

- The board approved a budget of \$2 million for research and development last year, which aligns with the management's guidance for increased R&D investment. This approval highlights the company's commitment to its strategic focus on innovation and product development.

- Evaluation:

- **Expectations Met:** The management guidance was to increase R&D spending by 20%, and the actual budget approved was \$2 million, which aligns with the stated increase, demonstrating the company's commitment to its strategic focus on innovation and product development.

7. Cost reduction strategies

- **Narrative:** Management has placed a strong emphasis on improving operational efficiency through targeted cost reduction strategies. The focus is on streamlining operations to achieve financial savings, enhancing profitability, and maintaining competitive advantage.

- Management's Guidance:

- The CEO confirmed a 10% reduction in operating costs by Q2 next year.

- Actual Results:

['Q3', '2024']:

- Vishal Mehta mentioned the operating expenditure relating to the AI vertical was \$500,000 this quarter.

['Q4', '2024']:

- In Q4 2024, Ms. Johnson mentioned that they reduced operational costs by 10% in the third quarter. However, a board member stated that the company reduced operational costs by 8% over the past two quarters, indicating a shortfall from the original guidance.

['Q1', '2025']:

- In Q1 2025, it was reported that the company achieved a 5% reduction in operational costs for the last fiscal year, which falls short of the projected 10% cost reduction target.

- Evaluation:

- **Expectations Not Met:** The management aimed for a 10% reduction in operational costs by Q2 of the following year, but the actual results showed only an 8% reduction over two quarters and a total 5% reduction for the fiscal year, falling short of the target.

8. International market penetration

- **Narrative:** Management has articulated a strategic focus on expanding the international segment of the business, with specific plans to increase communication regarding these efforts in the near future. There is a clear aspiration to significantly enhance the contribution of international revenue to the overall business, aiming for substantial growth over a multi-year horizon.

- Management's Guidance:

- The management plans to increase communication about scaling the international business in the coming weeks to months. It is anticipated that international revenue, currently less than 6 or 7% of the overall revenue, could potentially grow to 25-30% in the next two years. Management aspires to scale the international revenue from a single-digit percentage to a two-digit percentage within the next 24 months. The Saudi market's impact will be reflected in the business from the next quarter. Vishal Mehta expects that the international business will grow to represent 25-30% of the overall business in the next two years.

- Actual Results:

['Q4', '2024']:

- Presently our international operations account for less than 10% of our total income. Vishwas mentioned that they have doubled year-over-year in UAE. Vishal Mehta stated that they have doubled their international business last year.

['Q1', '2025']:

- Vishal Mehta mentioned achieving a 30% contribution from international business this year.

['Q3', '2024']:

- Presently our international operations account for less than 10% of our total income.

- Evaluation:

- **Expectations Met:** Management aimed for international revenue to reach 25-30% of total revenue within two years, and by Q1 2025, they achieved a 30% contribution, aligning with their stated goals.

9. Strategic alliances

- **Narrative:** Management discussed enhancing performance in the UAE market through strategic partnerships in the GCC region, indicating a focus on expanding market reach and strengthening alliances within the region.

- Management's Guidance:

- From FY2025 onwards, particularly starting Q4, management anticipates improved performance in the UAE market due to these partnerships.

- Actual Results:

['Q3', '2024']:

- Unfortunately, there are no actual results available in the provided data for the theme Market Strategy and Expansion and subtheme Strategic alliances for ['Q3', '2024'].

['Q4', '2024']:

- There are no actual results available for Q4 2024 specific to the theme Market Strategy and Expansion, subtheme Strategic alliances, as per the provided data.

['Q1', '2025']:

- In Q1 FY2025, there is no specific mention of the UAE market performance or strategic alliances in the GCC region. The available data highlights a different aspect of the company's operations: Vishwas Patel mentioned working with 100-plus banks in India.

- Evaluation:

- **Insufficient Info:** There is insufficient information available to determine whether management's expectations for improved performance in the UAE market through strategic partnerships were met, exceeded, or not met, as no specific results or commentary on this theme are available in the provided data for the relevant quarters.

10. Geographic expansion plans

- **Narrative:** Management has placed a strong emphasis on expanding its presence in the Middle East, particularly in the UAE and Saudi Arabia. The strategy involves significantly increasing the merchant base in the UAE and initiating operations in Saudi Arabia. This expansion is part of a broader effort to tap into the rapidly growing markets in the region.

- Management's Guidance:

- The company plans to increase its number of merchants in the UAE from 7,000 to 70,000 in the next 12 to 24 months. UAE has been growing at more than 50% CAGR, and the company will soon be launching in Saudi Arabia.

- Actual Results:

['Q1', '2025']:

- The hoteliers benefiting are over 2,000 hotel clients across India and the Middle East.

['Q3', '2024']:

- UAE geography is growing significantly well.

['Q4', '2024']:

- Unfortunately, the actual result data provided does not specifically address the expansion in the UAE or Saudi Arabia for Q4 2024. The available data mentions Go Payments' network in India, which is unrelated to the geographic expansion plans in the Middle East. Therefore, no applicable actual results are available for Q4 2024 regarding the theme of Market Strategy and Expansion, subtheme Geographic expansion plans in the context of the narrative and management guidance provided.

- Evaluation:

- Insufficient Info: The actual results do not provide specific data on the increase in the merchant base in the UAE or the launch in Saudi Arabia, making it impossible to assess whether management's expectations for geographic expansion were met.

11. Competitive positioning

- **Narrative:** Management discussed their strategic focus on increasing market share, highlighting efforts to strengthen their competitive positioning within the industry.

- Management's Guidance:

- Management provided guidance on increasing the market share by 5% in the next fiscal year.

- Actual Results:

['Q3', '2024']:

- Market share in online credit card spends increased from 9% in FY2023 to over 10% in nine months of FY2024.

['Q4', '2024']:

- Unfortunately, the actual results for Q4 2024 in terms of the theme Market Strategy and Expansion and subtheme Competitive positioning are not available in the provided database. Therefore, I cannot state any specific performance metrics or outcomes for this period.

['Q1', '2025']:

- In Q1 FY25, BillAvenue was among the top 10 with more than 1.2 million agents across India, indicating a significant expansion and strengthening of competitive positioning.

- Evaluation:

- **Expectations Not Met:** While management aimed for a 5% increase in market share for the fiscal year, the actual results showed only a 1% increase over nine months of FY2024, and there is insufficient information for Q4 2024 to determine if targets were eventually met.

12. AI and automation integration

- **Narrative:** Management discussed plans to leverage AI technologies by establishing a dedicated AI hub in partnership with the Gujarat government. This strategic move is aimed at enhancing the company's capabilities in AI and automation, positioning them to better capitalize on emerging opportunities within the sector.

- Management's Guidance:

- Vishal Mehta stated that the company plans to establish an AI hub in collaboration with the Gujarat government, aiming for completion by the end of next year.

- Actual Results:

['Q1', '2025']:

- In Q1 2025, management reported that the AI hub investment has been made.

['Q3', '2024']:

- In Q3 2024, Vishal Mehta mentioned the accuracy needed for small object identification and detections, indicating progress in AI and automation integration.

['Q4', '2024']:

- In Q4 2024, the AI hub investment has been made.

- Evaluation:

- **Expectations Met:** The company successfully established the AI hub in collaboration with the Gujarat government as planned by the end of 2024, meeting the management's timeline expectations for the project's completion.

13. Joint venture initiatives

- **Narrative:** Management highlighted the strategic partnership with the Gujarat government, aiming to establish a cutting-edge AI hub, which signifies a notable step in expanding technological capabilities and regional influence.

- Management's Guidance:

- The company has entered into a Memorandum of Understanding (MoU) with the Gujarat government, committing Rs. 20 billion towards the development and construction of an advanced AI hub.

- Actual Results:

['Q3', '2024']:

- There are no actual results reported for Q3 2024 regarding the theme Strategic Partnerships and Alliances, subtheme Joint venture initiatives, based on the provided data.

['Q4', '2024']:

- Unfortunately, there are no specific actual results available for Q4 2024 regarding the theme Strategic Partnerships and Alliances and subtheme Joint venture initiatives with the Gujarat government AI hub project in the provided data.

['Q1', '2025']:

- Unfortunately, there is no specific actual result data available for Q1 2025 regarding the strategic partnership and joint venture initiatives with the Gujarat government for the AI hub development. Therefore, no performance metrics or updates have been reported in the specified period.

- Evaluation:

- Insufficient Info: There is no specific actual result data available for the strategic partnership and joint venture initiatives with the Gujarat government AI hub project across the reported quarters, making it impossible to assess whether expectations were met.

14. Transaction volume trends

- **Narrative:** Management emphasized their focus on increasing transaction volumes through strategic initiatives aimed at expanding their digital payment services. This includes efforts to enhance platform capabilities and market reach, anticipating a robust growth trajectory in the digital payment segment.

- Management's Guidance:

- The Chairman & Managing Director indicated an expected 20% increase in transaction volume by the end of the fiscal year. Management expects to achieve a 20% increase in our digital payment transactions by the end of the next fiscal year.

- Actual Results:

['Q1', '2025']:

- The Transaction Processing Value (TPV) achieved was INR 1,977 billion in 1Q FY25.

['Q3', '2024']:

- In Q3 FY24, Total Transaction Processing Value (TPV) for digital payments was reported with a significant increase compared to the same period in the previous year. Specifically, Payments TPV for Q3 FY24 was INR 829 billion compared to INR 616 billion in Q3 FY23, and Platforms TPV for Q3 FY24 was INR 981 billion compared to INR 419 billion in Q3 FY23. This indicates a substantial growth in transaction volumes, aligning with management's focus on expanding digital payment services. [2b1989a2d1158b2e1b2bd7cc61889563]

['Q4', '2024']:

- In Q4 FY24, the Total Transaction Processing Value (TPV) was INR 2,266 billion compared to INR 1,477 billion in Q4 FY23, resulting in a year-over-year change for Payments TPV of 53% in Q4 FY24. This indicates that the company exceeded the management's guidance of a 20% increase in transaction volume.

- Evaluation:

- **Expectations Exceeded:** The actual results showed a 53% year-over-year increase in transaction processing value for Q4 FY24, surpassing management's guidance of a 20% increase in transaction volume, indicating that the company's strategic initiatives were more successful than anticipated.