

Q2 2023

1. Profitability metrics

- **Narrative:** Management provided guidance on expected profitability metrics for the fiscal year 2023, indicating a focus on achieving specific profit after tax (PAT) and operational profit figures. They emphasized that future reports would show minimal differences between consolidated and standalone PAT figures, ensuring clarity and consistency in financial reporting.

- **Management's Guidance:**

- The company expects to achieve a profit after tax (PAT) of INR 110 crores to INR 125 crores in FY '23. Management anticipates an EBITDA in the range of INR 170 crores to INR 190 crores, and a PAT of INR 110 crores to INR 125 crores. The guidance specifies an operational profit target of INR 125 crores, excluding any profits from divestment. Vishal Mehta noted that there will be minimal differences in reported PAT between consolidated and standalone figures going forward.

- **Actual Results:**

['Q4', '2023']:

- Profit After Tax (PAT) for FY23 was 136 crore INR, showing a 63% year-on-year growth, which exceeded the upper range of the management's guidance. The company's EBITDA for FY '23 full year increased by 24% to INR 180 crores, meeting the lower end of the guidance range.

['Q1', '2024']:

- In Q1 FY24, Infibeam Avenues Limited achieved a rise of 31% in EBITDA and 40% in PAT, adjusted for mark-to-market gain or loss. The PAT achieved was INR 230-235 crore, significantly surpassing the original guidance for FY '23. Additionally, the EBITDA achieved was INR 130-150 crore. Both these figures indicate strong financial performance and a notable improvement from the management's guidance for the previous fiscal year.

['Q3', '2023']:

- In Q3FY23, the company achieved a Profit After Tax (PAT) of INR 35 crore, reflecting a 47% year-over-year increase. The EBITDA was INR 48 crore, showing a 26% year-over-year increase.

['Q2', '2023']:

- In Q2 FY23, the company reported a PAT of INR 40 crore and an EBITDA of INR 40 crore. This result is below the anticipated annual range, indicating the company may need to improve in the upcoming quarters to meet the full-year guidance.

- **Evaluation:**

- **{'evaluation': 'Expectations Exceeded', 'evaluation_reason': "The Profit After Tax (PAT) for FY23 was INR 136 crore, surpassing the upper guidance of INR 125 crore. Additionally, the company's EBITDA of INR 180 crore met the lower end of the guidance range, showing strong financial performance beyond management's expectations."}**

2. Revenue diversification strategies

- **Narrative:** Management emphasized efforts to enhance the company's revenue through diversification by focusing on increasing transaction processing volumes and expanding the net take rate in India. These strategies are aimed at capturing a larger market share and achieving significant growth in processing values, both locally and internationally.

- **Management's Guidance:**

- Management aims to achieve a double-digit net take rate in India within the next two years. Management expects to deliver higher than their stated revenue and operating guidance. Guidance for the transaction processing volume is set at INR 4 lakh crores for the fiscal year. The company has given guidance of reaching a processing value of \$100 billion by 2024. Guidance on processing volume of around \$100 billion.

- **Actual Results:**

['Q3', '2023']:

- In Q3 FY23, the company achieved a Transaction Processing Value (TPV) of INR 95,604 crore, which is a 27% year-over-year increase. Total TPV crossed INR 1 lakh crore, the highest ever in any quarter, up 27% YoY. Additionally, it was reported that they achieved the 12 months FY22 TPV in just 9 months of FY23. However, a change in transaction mix from credit-based payment options to non-credit-based payment options led to lower gross revenues for the quarter.

['Q4', '2023']:

- In Q4 FY23, the company reported reaching INR 83,000 crores in transaction processing volume on the Government e-Marketplace (GeM) platform [d7c453f149c3cfa4381be7ea6f851554]. Additionally, the total gross revenue for FY23 was INR 1,962 crore, representing a 52% increase in gross revenue [5ad2490b551577b8a0d0bf239b8102db]. The GeM Transaction Processing Value was INR 2,01,000 Crore [bd5a23c9cd1a1b57a819b687c22b812a]. BillAvenue had a total processing value of INR 1,907 billion in FY23 [655ccfcbc915eb1fc34eb1867940d2df]. The company's total income for FY23 exceeded INR 2,000 crores for the first time in its history, registering the highest ever total income of INR 2,033 crores, a 56% year-over-year increase [c39988ab351329a4e97f25c3ccb99830, 24021d68c23d729e9fe6f1783b9c38e2].

['Q1', '2024']:

- In Q1 FY24, management reported a 77% increase in Gross Revenue, highlighting significant progress in revenue growth and financial strategy. Specifically, CCAvenue International achieved an INR 24,600 crore annualized TPV run-rate in Q1'24, which reflects the company's focus on increasing transaction processing volumes. Additionally, the company processed INR 3,432 crores in volumes through Go Payments this quarter, indicating strong strides in revenue diversification strategies. Furthermore, 92% of the revenue contribution came from MDR-based payment options, aligning with their strategic focus on enhancing the net take rate.

['Q2', '2023']:

- The company achieved a Transaction Processing Value (TPV) of INR 3,342 crore, which is up 17% Year over Year (YoY). Total TPV achieved was INR 92,612 crore in Q2 FY23. The take rate improved to 7.2% from 4.8% year-on-year.

- **Evaluation:**

- **{'evaluation': 'Expectations Met', 'evaluation_reason': "Management achieved significant growth in transaction processing volumes and gross revenues, aligning well with their guidance, although the shift in transaction mix impacted gross revenues temporarily."}**

3. Organic growth drivers

- **Narrative:** Management highlighted a strong focus on leveraging the GeM platform to drive growth, indicating confidence in the platform's potential to significantly boost market activity and revenue.

- **Management's Guidance:**

- The GeM GMV is expected to double by the end of this financial year.

- **Actual Results:**

['Q1', '2024']:

- Infibeam Avenues Limited achieved a revenue growth of 28% year-on-year for the quarter ended June 30, 2023.

['Q2', '2023']:

- GeM GMV increased by 83% YoY in Q2 FY 23. [da6804c58043368bf1989c873ee55cfb]

['Q3', '2023']:

- By the end of January 2023, the order volume and value on GeM had already crossed INR 1,50,000 Crores, indicating strong performance and growth on the platform. This reflects the management's focus on leveraging the GeM platform effectively and achieving significant market activity.

[936308ebe20bbdd71989f8b95be5654]

['Q4', '2023']:

- In Q4 FY23, the Year-over-Year growth for Platforms Gross Revenue was reported at 6%, while the Total Gross Revenue (GR) showed a Year-over-Year growth of 52%. This indicates a positive revenue growth trajectory, although specific details on the doubling of GeM GMV were not provided.

- **Evaluation:**

- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'Management expected the GeM GMV to double by the end of the financial year, but the actual results indicate an 83% year-over-year increase in Q2 FY23 without evidence of a doubling by year-end.'}

4. New product launches

- **Narrative:** Management discussed plans for launching a new product line, aiming to expand their offerings and capture additional market segments.

- **Management's Guidance:**

- The CEO anticipates a launch of a new product line by Q3 next year.

- **Actual Results:**

['Q4', '2023']:

- A board member reported launching five new products in the last two quarters.

['Q1', '2024']:

- A board member reported launching five new products in the last two quarters.

['Q2', '2023']:

- In Q2 2023, a board member reported launching five new products in the last two quarters.

['Q3', '2023']:

- A board member reported launching five new products in the last two quarters.

- **Evaluation:**

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The management anticipated launching a new product line by Q3 next year, but the actual results show that five new products were launched in the last two quarters, indicating a more aggressive product expansion than initially guided.'}

5. International market penetration

- **Narrative:** Management discussed their strategic initiatives to expand Infibeam's presence in international markets, particularly focusing on the UAE. This includes the launch of CCAvenue TapPay in these regions, aligning with their expansion strategy to bolster the company's footprint outside of India. The management emphasized their commitment to significantly increase their merchant base through offline solutions, which is expected to drive considerable revenue growth from international operations.

- **Management's Guidance:**

- Management has outlined plans to introduce CCAvenue TapPay in the UAE concurrently with its launch in India, indicating a robust international expansion strategy. They anticipate onboarding tens of thousands of merchants in the UAE through their offline solutions. Additionally, there is an expectation that international operations will account for 30% of the company's revenues within the next two years.

- **Actual Results:**

['Q4', '2023']:

- In Q4 FY23, management reported that ~80% contribution in international revenue came from the Credit Card payment option. This indicates a strong uptake in international markets, particularly aligning with their strategy to expand the merchant base through offline solutions.

['Q1', '2024']:

- In Q1 2024, the management reported that there was about an 80% contribution in the international market from the credit card payment option, with the UAE market also reflecting this 80% figure.

['Q2', '2023']:

- International should contribute to about 25%, 30% of our revenues.

['Q3', '2023']:

- Vishal Mehta mentioned that today a single-digit percentage of their revenues come from international sources.

- **Evaluation:**

- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'Although there was a strong uptake in international markets, with 80% contribution from the credit card payment option, the international operations have not yet achieved the anticipated revenue contribution of 30%, as revenues from international sources were still in the single digits by Q3 2023.'}

6. Adherence to financial regulations

- **Narrative:** Management highlighted their compliance achievements by securing necessary regulatory approvals from the Reserve Bank of India (RBI) to operate as a Payment Aggregator and under the Bharat BillPay infrastructure. This move is aimed at solidifying their position in the digital payment services sector by ensuring adherence to financial regulations.

- **Management's Guidance:**

- Management indicated that they have in-principle approvals from RBI and have secured two licenses, which positions them to expand their operations in compliance with regulatory standards.

- **Actual Results:**

['Q4', '2023']:

- In Q4 FY23, the company has received two coveted licenses from RBI in payments.

['Q1', '2024']:

- In Q1 2024, BillAvenue received a perpetual license from RBI in 2022 as BBPOU for bill payments under BBPS.

['Q2', '2023']:

- The company has received in-principle approvals from RBI to operate as a Payment Aggregator. Only 8 or 10 licenses have been given for payment gateway operators.

['Q3', '2023']:

- There is no specific actual result provided for the theme Regulatory Compliance and Risk Management, subtheme Adherence to financial regulations in the database for Q3 2023. However, Vishal Mehta mentioned that the existing contract will go on until 2024.

- Evaluation:

- {'evaluation': 'Expectations Met', 'evaluation_reason': 'Management's guidance anticipated securing in-principle approvals and two licenses from the RBI, and the actual results confirm that these licenses were received, aligning with their regulatory compliance objectives.'}

7. Geographic expansion plans

- Narrative: Management is strategically focusing on expanding its payment business operations to new international markets, specifically targeting Saudi Arabia and Australia. Additionally, the company is emphasizing significant growth in the UAE and Saudi Arabian markets.

- Management's Guidance:

- The company plans to initiate its payment business in Saudi Arabia and Australia by the end of the current financial year, expecting UAE and Saudi markets to contribute to 60% of the overall volume. Additionally, the goal is to achieve 100,000 implementations by the end of this year, with a target to scale up to one million implementations in the following year.

- Actual Results:

['Q1', '2024']:

- In Q1 FY24, the company reported achieving over 100,000 implementations, aligning with their guidance for the year. Expansion efforts in Saudi Arabia and Australia are on track, with more than a million touch points already established across 1300+ cities and towns in India, although specific progress in these countries was not separately detailed.

['Q2', '2023']:

- No actual performance data is available for Q2 2023 in the knowledge graph for the theme Market Strategy and Expansion, subtheme Geographic expansion plans, concerning the management's guidance and narrative described.

['Q3', '2023']:

- No specific actual results for Q3 2023 related to the theme Market Strategy and Expansion, subtheme Geographic expansion plans, are provided in the available data. The only available data is related to a past event in 2017, unrelated to the current geographic expansion plans.

['Q4', '2023']:

- Unfortunately, the actual results for the theme Market Strategy and Expansion, subtheme Geographic expansion plans, specifically for Q4 2023, are not available in the provided data. Therefore, no performance metrics or outcomes can be reported based on the current information.

- Evaluation:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'While the company achieved over 100,000 implementations as planned and reported efforts in Saudi Arabia and Australia are on track, there is insufficient specific data on progress in these countries to fully assess whether the geographic expansion expectations were met.'}

8. Merchant acquisition growth

- Narrative: Management discussed a robust strategy for expanding their merchant base significantly through the deployment of their digital payment solution, CCAvenue TapPay. The strategic focus is on both short-term and long-term growth, aiming to onboard a massive number of new merchants and expand the reach of their payment solution across a wide network of terminals.

- Management's Guidance:

- The company plans to deploy CCAvenue TapPay across 100,000 terminals by the end of the financial year FY '23 and targets reaching 1 million merchants by the end of FY '24. Vishwas Patel mentioned that the company plans to enable TapPay for around 100,000 merchants by the end of the current quarter.

Additionally, he stated that the company is onboarding more than 8,000 merchants every day.

- Actual Results:

['Q3', '2023']:

- In Q3 2023, management reported successfully expanding their merchant base to over 1 million merchants (fb77b7d850b8629312c56f9a25e06ea9), with average daily onboarding of 11,700 merchants (d9850bceb3c205b96262ad8e3f5f11f9). They also onboarded more than 0.5 million merchants in Q3 alone in their payment gateway business (d2059a7aad71cfd3c104870ef99b37c). Additionally, they have installed between 50,000 to 100,000 TapPay terminals this quarter (9d9165e2031592b302704ef2d8969c4c).

['Q4', '2023']:

- In Q4 FY23, the company reported a total of 9.2 million merchants, with an average addition of approximately 9,500 merchants every day throughout FY23. They added 3.5 million merchants during the year. This performance aligns with the targeted growth in merchant acquisition.

['Q1', '2024']:

- In Q1 FY24, Infibeam reported that they added approximately 9,500 merchants every day, reaching a total of 10.0 million merchants.

['Q2', '2023']:

- TaPPay: 15,000+ terminals deployed. The number of merchants increased by 77% YoY in Q2 FY 23. The number of merchants increased 77% to 7.3 million during Q2 '23. The company successfully expanded its merchant base. Vishal Mehta stated that they are adding about 8,500-odd merchants every day. Vishal Mehta stated they have deployed 15,000 implementation terminals in merchants in the last quarter. Monami Manna mentioned they are now having around 7.3 million merchants under their belt. Anil Nahata mentioned that 15,000 terminals have been done for tap on pay. Vishwas Patel mentioned that they have enabled 15,000-odd merchants and plan to enable around 100,000 by the end of the quarter. Vishwas Patel mentioned that they are onboarding more than 8,000 merchants every day. Ayushi Shah mentioned the deployment of TapPay terminals.

- Evaluation:

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'Infibeam's merchant acquisition strategy surpassed expectations as they reached over 10 million merchants by Q1 FY24, significantly ahead of the FY '24 target of 1 million merchants, with daily onboarding rates also exceeding initial projections.'}

9. Transaction volume trends

- Narrative: Management is focusing on increasing transaction volumes significantly as part of their growth strategy. They have outlined specific targets for transaction processing volume, indicating a strong emphasis on expanding their digital payment solutions. The strategy includes enhancing contributions from offline payments as well as utilizing their CCAvenue TapPay service to achieve these goals.

- Management's Guidance:

- The company aims to achieve a 20% increase in transaction volume by the end of the next fiscal year. The company expects a substantial increase in transaction processing volumes by the end of the fiscal year. The company is targeting offline payments to contribute around 20% to 25% of overall payments TPV by the end of the financial year 2025. There is a total transaction processing volume guidance of \$100 billion by the end of FY24, with 25% expected to come from CCAvenue TapPay.

- Actual Results:

['Q3', '2023']:

- Management increased transaction volume by 25% over the last year. Transaction Processing Value (TPV) for Q3FY23 was INR 87,398 crore, an increase of 24% YoY.

['Q4', '2023']:

- The actual transaction processing value (TPV) for Q4 FY23 was reported as 1,47,733 crore INR, showing a year-on-year increase of 61%. For the entire fiscal year FY23, the TPV was 4,44,681 crore INR, reflecting a 52% increase year-on-year. Additionally, the transaction processing volume reached INR 4.5 lakh crores, upwards of \$50 billion during the year, with a year-over-year growth of 52%.

['Q1', '2024']:

- Total Transaction Processing Value (TPV) for Q1 FY24 was INR 1,18,260 crore. Payments TPV for Q1 FY24 was INR 65,024 crore. Platforms TPV for Q1 FY24 was INR 53,236 crore.

['Q2', '2023']:

- The volume of transactions was 27 million, up 26% YoY. India Payments TPV increased by 18% YoY in Q2 FY23. Transaction Processing Value reached INR 4.0 lac crore. TPV: INR 49,750 crore (up 23% YoY). Our transaction processing volume for this quarter crossed an all-time high of INR 1 lakh crore.

- Evaluation:

- **{'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The company aimed for a 20% increase in transaction volume and a total TPV of \$100 billion by the end of FY24, but achieved a 52% YoY growth in FY23, with TPV reaching approximately \$50 billion, indicating performance well above the initial targets.'}**