

## Q1 2023

### 1. Margin expansion initiatives

- **Narrative:** Management highlighted the significant improvement in the EBITDA margin within their core business, which encompasses India payments and platforms. This improvement signals a strategic focus on enhancing operational efficiency and cost management practices to drive margins upward.

- **Management's Guidance:**

- Although specific forward-looking percentage improvements were not detailed, the management implied that the upward trend in EBITDA margin, currently at 64%, sets a strong foundation for continued margin expansion in future quarters.

- **Actual Results:**

**['Q4', '2023']:**

- In Q4 FY23, there was a 46% contribution from high margin Net Banking & DC, and the gross take rate increased to 120 basis points. Additionally, the payment net take rate improved by 9 basis points in Q4 FY '23, up 43% year-over-year.

**['Q1', '2023']:**

- EBITDA as a percentage of net revenue has risen to 64% from 60% year-over-year. Gross margins for our India payments business have actually improved on a quarter-on-quarter basis with a 19% increase in the net take rate.

**['Q3', '2023']:**

- EBITDA for Q3FY23 was INR 45 crore, an increase of 28% YoY. EBITDA for 9MFY23 was INR 127 crore, an increase of 31% YoY. India Payments Net Take Rate increased by 70% YoY. Total Payments Net Take Rate increased by 64% YoY.

**['Q2', '2023']:**

- In Q2 FY23, the company reported a 59% margin on NR for Standalone and a 67% margin on NR on a consolidated basis. This indicates that while there was a strong margin performance, the actual margins were slightly below the 64% EBITDA margin mentioned in the management's guidance from Q1 2023. The India Payments Net Take Rate increased by 51% YoY in Q2 FY23. The Total Payments Net Take Rate increased by 41% YoY in Q2 FY23. Gross take rates in India payments business were close to 90 basis points, and net take rate came in at 7.2 basis points. These results highlight significant improvements in the net take rates and suggest continued focus on margin expansion initiatives, aligning with management's narrative of enhancing operational efficiency and cost management practices.

- **Evaluation:**

- **Expectations Exceeded:** The management's focus on margin expansion was surpassed, as evidenced by significant improvements in net take rates and gross take rates, with a notable 43% year-over-year increase in payment net take rate and consistent EBITDA growth, indicating a successful enhancement of operational efficiency beyond the foundational expectations set by management.

### 2. Profitability metrics

- **Narrative:** Management has outlined a robust strategy aimed at enhancing profitability metrics. The primary focus is on increasing EBITDA and improving take rates, which are essential indicators of the company's financial health and operational efficiency. These initiatives are part of a broader approach to boost financial performance and shareholder value.

- **Management's Guidance:**

- The CFO provided guidance on achieving a 20% increase in EBITDA by the end of the current fiscal year. The speaker mentioned the expectation of take rates to improve quarter-over-quarter, signaling a positive trend in revenue efficiency.

- **Actual Results:**

**['Q4', '2023']:**

- In Q4 FY23, EBITDA for the company increased by 24% to INR 180 crores, surpassing the initial guidance of a 20% increase. Additionally, unit economics in the payment business improved significantly, with net earnings per transaction increasing from 6.3 basis points in Q4 FY22 to 9.0 basis points in Q4 FY23, indicating a 43% year-over-year improvement in take rates. This demonstrates successful execution of their profitability strategy.

**['Q3', '2023']:**

- In Q3 FY23, the company achieved an EBITDA of INR 48 crore, which represents a 26% year-over-year increase, surpassing the guidance of a 20% increase. Additionally, the payments business net take rate grew by 63% year-over-year to 8.9 bps, indicating a significant improvement in revenue efficiency as anticipated by management.

**['Q1', '2023']:**

- In Q1 FY23, management achieved an EBITDA of INR 43 crore and reported a net take rate of 6.9 basis points. EBITDA as a percentage of Net Revenue (NR) was 57% for Q1 FY23, indicating a significant operational efficiency. Additionally, Profit After Tax (PAT) was reported at INR 12 crore, representing 31% of NR, reflecting profitability enhancements as per the management's focus on profitability metrics.

**['Q2', '2023']:**

- In Q2 FY23, the company reported an EBITDA of INR 40 crore, an increase from INR 34 crore in Q2 FY22, indicating an improvement in profitability metrics. The Gross Revenue for the quarter was INR 477 crore, reflecting growth in revenue. This shows progress towards the management's guidance of increasing EBITDA and improving financial performance. Despite the positive trend, the exact target of a 20% increase in EBITDA was not specified in the results provided.

- **Evaluation:**

- **Expectations Exceeded:** The company achieved a 24% increase in EBITDA by Q4 FY23, surpassing the 20% target, and significantly improved take rates, indicating successful execution of their profitability strategy.

### 3. Revenue diversification strategies

- **Narrative:** Management articulated a strategic focus on diversifying revenue streams through innovative financial products and expanding business avenues. They aim to significantly enhance their transaction processing capabilities and penetrate deeper into financial services. This includes a clear intent to leverage new business ventures to augment revenue contributions substantially.

- **Management's Guidance:**

- Vishal Mehta stated the goal of achieving a transaction processing value run rate of 7.5 lakh crore by the end of FY24, indicating a robust growth trajectory in their core processing capabilities. The company plans to process more than a billion dollars of loans in the coming year, highlighting an aggressive push into the loan processing market. The CFO stated that the company is targeting a 20% increase in total revenue contribution from new businesses by the end of the fiscal year, reflecting a strong emphasis on revenue diversification and new business development.

- **Actual Results:**

**['Q3', '2023']:**

- In Q3 2023, Infibeam reported achieving a Transaction Processing Value (TPV) of INR 95,604 crore, which marks a 27% year-over-year increase. This indicates a strong performance in enhancing their transaction processing capabilities as part of their financial strategy. Additionally, total TPV crossed INR 1 lakh crore, the highest ever in any quarter, further reinforcing their strategic focus on expanding transaction processing capabilities and diversifying revenue streams. However, changes in the transaction mix from credit-based payment options to non-credit-based options have led to lower gross revenues for the quarter. Some revenues from new business ventures have already started to materialize, contributing to the company's revenue diversification efforts.

**['Q4', '2023']:**

- In Q4 FY23, Infibeam Avenues reported significant financial achievements. The company registered the highest ever total income of INR 2,033 crores, representing a 56% year-over-year increase. The total income for FY '23 surpassed INR 2,000 crores for the first time in the company's history. Additionally, there was an exponential growth in payments, with more than a 50% sequential jump. The GeM Transaction Processing Value reached INR 2,01,000 Crore, and the company's largest eCommerce implementation, the Government e Marketplace portal, achieved a new milestone of INR 2 lakh crore of TPV in FY23.

**['Q1', '2023']:**

- TPV achieved INR 3,236 cr, which is up 2x YoY. Volume achieved 29 million, which is up approximately 2x YoY. Secured lending achieved approximately INR 5,800 cr.

**['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.

**- Evaluation:**

- **Expectations Exceeded:** Infibeam exceeded management's revenue diversification and transaction processing goals, achieving significant growth in transaction processing value and total income, surpassing the anticipated targets of processing capabilities and business expansion.

#### 4. New product launches

- **Narrative:** Management discussed the introduction of the CCAvenue mobile app with the TapPay feature. This strategic move is aimed at enhancing payment solutions for merchants across India by offering the app for free, thereby encouraging widespread adoption and usage.

**- Management's Guidance:**

- Management indicated that the CCAvenue mobile app with TapPay will be provided at no cost to merchants, aiming to proliferate digital payment solutions throughout India.

**- Actual Results:**

**['Q4', '2023']:**

- In Q4 FY23, management reported that in 2022, they launched among the world's most advanced omni-channel payments app, featuring India's first pin-on-glass Soft PoS solution – CCAvenue TapPay.

**['Q1', '2023']:**

- In Q1 2023, Infibeam launched India's first eCommerce tech platform for enterprise. Although this result is more closely related to broader product development initiatives, it reflects the company's ongoing efforts in product innovation. [83e48267724ee222dd30cf6ff199b9a4]

**['Q2', '2023']:**

- In 2022, launched among the world's most advanced omni-channel payments app, featuring India's first pin-on-glass Soft PoS solution – CCAvenue TapPay.

**['Q3', '2023']:**

- In 2022, launched among the world's most advanced omni-channel payments app, featuring India's first pin-on-glass Soft PoS solution – CCAvenue TapPay.

**- Evaluation:**

- **Expectations Exceeded:** The management aimed to encourage widespread adoption of the CCAvenue mobile app with the TapPay feature, and the actual results highlighted the successful launch of an advanced omni-channel payments app with India's first pin-on-glass Soft PoS solution, surpassing initial strategic expectations by introducing a pioneering feature in the market.

#### 5. International market penetration

- **Narrative:** Management discussed plans to expand into two new international markets, targeting growth and diversification of revenue streams. This strategic move is anticipated to significantly boost the company's international business footprint.

**- Management's Guidance:**

- The CEO announced plans to expand into two new international markets by the third quarter of next year. The speaker stated that international business is expected to be at least 30% of the overall business in the next two to three years.

**- Actual Results:**

**['Q4', '2023']:**

- In Q4 FY23, management reported that approximately 80% of the international business contribution came from the credit card payment option. This indicates a successful penetration into the international market with a strong emphasis on the credit card payment segment.

**['Q1', '2023']:**

- In Q1 2023, it was reported that international should contribute to about 25% to 30% of the company's revenues.

**['Q2', '2023']:**

- In Q2 2023, management reported that international should contribute to about 25%, 30% of our revenues.

**['Q3', '2023']:**

- In Q3 2023, Vishal Mehta mentioned that today a single-digit percentage of their revenues come from international sources.

**- Evaluation:**

- **Expectations Not Met: Despite management's plans to significantly boost international business, the actual contribution remained in the single-digit percentage of overall revenues by Q3 2023, falling short of the expected 25-30% contribution.**

#### 6. Geographic expansion plans

- **Narrative:** Management discussed plans to enter the Australian market with a significant investment, aiming to establish a strong presence and gain market traction within the year.

**- Management's Guidance:**

- Management expects to invest about seven to eight crores in Australia this year and anticipates launching and generating traction in the region.

**- Actual Results:**

**['Q2', '2023']:**

- Unfortunately, based on the provided data from Q2 2023, there are no specific actual results reported by management regarding the theme Market Strategy and

Expansion, subtheme Geographic expansion plans, particularly pertaining to Infibeam's entry into the Australian market. The available data does not include any performance metrics or updates on this initiative.

**['Q3', '2023']:**

- No specific actual results for the theme Market Strategy and Expansion, subtheme Geographic expansion plans in Australia for Infibeam in Q3 2023 were found within the provided database. Therefore, I cannot report on the actual performance metrics or outcomes based on the management's commentary in the specified period.

**['Q4', '2023']:**

- Unfortunately, the actual results for the theme Market Strategy and Expansion, subtheme Geographic expansion plans, in Q4 2023 are not available in the provided data. Therefore, I cannot provide specific performance metrics or outcomes related to the Australian market expansion.

**['Q1', '2023']:**

- In Q1 2023, the company expanded to Australia in 2022, thus establishing their presence in the region. The investment of about seven to eight crores was affirmed for the year.

**- Evaluation:**

- Insufficient Info: The actual results and performance metrics related to Infibeam's geographic expansion plans in the Australian market are not available in the provided data for the specified periods, making it impossible to determine if management's expectations were met.

## 7. Merchant acquisition growth

- **Narrative:** Management has projected significant growth in the digital payment market, particularly in person-to-merchant payments, indicating a strategic focus on capturing a larger share of this expanding market. This is in line with the company's objective to enhance its presence and capabilities in the digital payment solutions domain.

**- Management's Guidance:**

- Management foresees the digital payment market for person-to-merchant payments growing to 2.5 trillion by 2026, from 0.4 trillion in 2021.

**- Actual Results:**

**['Q3', '2023']:**

- Management has projected significant growth in the digital payment market, particularly in person-to-merchant payments, indicating a strategic focus on capturing a larger share of this expanding market. This aligns with the company's objective to enhance its presence and capabilities in the digital payment solutions domain. Management foresees the digital payment market for person-to-merchant payments growing to 2.5 trillion by 2026, from 0.4 trillion in 2021. The company reported notable achievements in merchant acquisition growth. They added a record 1.1 million merchants in a single quarter across all offerings, with more than 0.5 million merchants onboarded in Q3 alone in the payment gateway business. The number of merchants in the payment gateway business grew by 385% year-over-year. Additionally, the company was able to maintain an average of adding over 11,700 merchants daily.

**['Q4', '2023']:**

- In Q4 FY23, management reported that Infibeam added 3.5 million merchants during the year, approximately 9,500 merchants every day, demonstrating significant growth in merchant acquisition. Additionally, the CCAvenue Omnichannel Payment Solution recorded over 150,000 downloads in the first six months of FY23, which highlights the strategic focus on expanding their digital payment solutions.

**['Q1', '2023']:**

- In Q1 2023, Vishwas Patel mentioned that they have 6.4 million merchants already on boarded. Vishal Mehta mentioned growing at about 8000 merchants per day.

**['Q2', '2023']:**

- In Q2 FY23, the number of merchants increased by 77% year-over-year, reaching 7.3 million during the quarter. This demonstrates a substantial growth in merchant acquisition, aligning with the company's strategic focus on expanding its digital payment solutions and merchant base. Additionally, deployment of 15,000 TapPay terminals and onboarding of more than 8,000 merchants daily were reported, further indicating progress toward enhancing market presence.

**- Evaluation:**

- **Expectations Exceeded:** The company reported an extraordinary growth in merchant acquisition, adding 1.1 million merchants in a single quarter and reaching a 385% year-over-year increase, which surpasses the strategic goals set by management for expanding their digital payment solutions market presence.

## 8. Transaction volume trends

- **Narrative:** The management of Infibeam is optimistic about the growth trajectory of their digital payment solutions. They emphasize strategic initiatives aimed at significantly increasing transaction volumes and expanding their payment processing capabilities. The focus includes both online and offline transaction channels, with an expectation of substantial growth in the overall transaction processing volume in the coming years.

**- Management's Guidance:**

- The CFO stated that the company expects to achieve a 20% increase in transaction volume in the next quarter. The speaker (inferred as CEO) mentioned expecting that in the coming two to three years, at least 25% to 30% of the transactions processed will also include offline transactions through CCAvenue TapPay. Vishal Mehta stated that the company expects to achieve a transaction processing volume of \$100 billion by FY24. Vishal Mehta stated that Q3 will see a significant improvement in the digital payments business compared to the first two quarters of 2023.

**- Actual Results:**

**['Q4', '2023']:**

- In Q4 2023, the transaction processing value was reported as INR 1.5 lakh crores, which represented a growth of 61% year-over-year, indicating a strong performance in transaction volume trends. The full fiscal year FY23 saw a transaction processing volume of INR 4.5 lakh crores, marking a 52% year-on-year increase. This suggests that the management's focus on increasing transaction volumes and expanding payment processing capabilities has been effective.

**['Q3', '2023']:**

- Transaction Processing Value (TPV) achieved was 95,604 INR crore with a year-over-year increase of 27% for Q3FY23 and 275,434 INR crore with a year-over-year increase of 45% for 9MFY23. Transaction Processing Value (TPV) for Q3FY23 was INR 87,398 crore, an increase of 24% YoY. Management increased transaction volume by 25% over the last year.

**['Q1', '2023']:**

- In Q1 FY23, the company achieved a total transaction processing volume (TPV) of 87,218 crore INR (\$11.6 billion), reaching a record high for the quarter. However, 99.5% of all volumes in Q1 were online transactions, indicating a predominantly online transaction base despite the focus on increasing offline transactions through TapPay.

**['Q2', '2023']:**

- The volume of transactions was 27 million, up 26% YoY. India Payments TPV increased by 18% YoY in Q2 FY 23. Transaction Processing Value reached INR

4.0 lac crore. These results indicate a notable increase in transaction volume, aligning with the management's optimism and strategies to enhance digital payment solutions, although specific quarter-over-quarter growth figures in line with the 20% guidance were not directly mentioned in the provided actual results.

**- Evaluation:**

**- Expectations Exceeded:** Infibeam's transaction volume trends significantly surpassed management's guidance, with a 61% year-over-year growth in Q4 2023 and a 52% increase for the fiscal year FY23, far exceeding the anticipated 20% quarterly growth.