

Q4 2024

1. Margin expansion initiatives

- **Narrative:** Management highlighted substantial capital investments aimed at driving margin expansion, with a focus on enhancing operational efficiencies across different regions. These efforts are part of a broader financial strategy to sustain growth and improve profit margins.

- **Management's Guidance:**

- Management anticipates significant capital expenditures, with investments projected to be about \$5 to \$6 million per region in the upcoming periods. This strategic allocation is expected to bolster operational capabilities and facilitate margin improvements.

- **Actual Results:**

['Q4', '2024']:

- Net Revenue margin increased by 16% YoY. We increased our take rates from 8.5 basis points in the beginning of the year in Q1 FY24 to 9.2 basis points in Q4 FY24.

['Q1', '2025']:

- In Q1 FY25, the EBITDA margin as a percentage of net revenue stood at 59%, and the PAT margin increased by 43%. The net take rate increased from 8.4 bps in quarter 1 FY '24 to 11.2 bps in quarter 1 FY '25, registering an increase of 33%. Margin Profile increased by 20% Year on Year.

- **Evaluation:**

- **{'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The management's significant capital investments aimed at margin expansion resulted in notable improvements, with net revenue margin increasing by 16% YoY and take rates surging from 8.4 bps to 11.2 bps, surpassing the anticipated financial outcomes.'}**

2. Profitability metrics

- **Narrative:** The management of Infibeam articulated a robust financial strategy for FY24, with explicit targets set for both gross and net revenue, alongside a clear emphasis on profitability metrics. This strategy underscores an aggressive approach to revenue enhancement and a disciplined focus on improving financial health indicators, such as EBITDA and return on equity (ROE).

- **Management's Guidance:**

- Infibeam set a gross revenue target ranging from 3,000 to 3,300 crores and a net revenue target between 410 to 415 crores for the full year FY24. The target for EBITDA was established at 235 crores for the year. Vishal Mehta confirmed the ambition to achieve a double-digit take rate in India. The company aims for a double-digit ROE for FY25, reflecting a focus on shareholder value.

- **Actual Results:**

['Q4', '2024']:

- In FY24, Infibeam closed the year with a gross revenue of 3,171 crores and a net revenue of 429 crores, exceeding the set guidance ranges. The company achieved an EBITDA of 253 crores, surpassing the target of 235 crores. Profit After Tax (PAT) for the full year 2024 was reported at 148 crores, a 56% increase year-over-year. Return on equity for FY24 stood at 9% compared to 7% in FY23. Fourth quarter EBITDA was INR 60 crores, up 21%.

['Q1', '2025']:

- The company registered a quarterly gross revenue of INR 753 crores in Q1 FY25. The net revenue was INR 119 crores for Q1 FY25. EBITDA achieved was INR 70 crores in Q1 FY25. The net take rate in payments increased to 11.2 basis points from 8.4 basis points the same quarter last year, contributing to growth in profitability. The net revenue increased by 20% year-over-year from INR 99 crores to INR 119 crores. EBITDA grew by 25% from INR 56 crores in Q1 FY24 to INR 70 crores in Q1 FY25. The company achieved a 15% increase in revenue in Q1 FY25.

- **Evaluation:**

- **{'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'Infibeam exceeded its FY24 guidance by achieving gross revenue of 3,171 crores, net revenue of 429 crores, and EBITDA of 253 crores, all surpassing the management's targets. Additionally, the ROE increased to 9% from 7% in FY23, indicating a stronger-than-expected financial performance.'}**

3. Revenue diversification strategies

- **Narrative:** Management has emphasized its strategic initiatives to drive revenue growth through partnerships and market expansion. Notably, a partnership with PayPal is expected to enhance revenue streams in the Middle East region by leveraging transaction services and collaborative marketing efforts.

- **Management's Guidance:**

- Vishwas Patel mentioned that the PayPal partnership is expected to generate good revenues through transaction services and marketing joint initiatives in the Middle East region.

- **Actual Results:**

['Q1', '2025']:

- The international business contributes to about 12% to 15% of the total income.

['Q4', '2024']:

- Rahul stated that the 57 crores revenue in Q4 comes from erstwhile clients and any new clients added during the quarter.

- **Evaluation:**

- **{'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management anticipated substantial revenue growth from the PayPal partnership in the Middle East, but the actual results indicate that the international business, including the Middle East, only contributes to 12-15% of total income, which suggests the expected revenue enhancement was not fully realized.'}**

4. Organic growth drivers

- **Narrative:** The management is focusing on organic growth by leveraging both domestic opportunities and expanding their international presence. This approach is aimed at enhancing the company's overall market scale and solidifying its position in the fintech sector.

- **Management's Guidance:**

- Management expects to drive organic growth through domestic and increasing international scale.

- **Actual Results:**

['Q4', '2024']:

- Fourth quarter revenue was 727 crores, an 11% increase year-over-year.

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- Fourth quarter net revenue was INR 106 crores, up 16% year-over-year.

['Q1', '2025']:

- In Q1 FY25, Gross Revenue achieved was INR 7,528 million, and Net Revenue (NR) achieved was INR 1,185 million. Additionally, the business achieved a 67% increase in Total Payment Volume (TPV), and Payments NTR increased by 33%. BillAvenue's business performance showed a significant increase with a value of 210 INR bn and a volume of 6 mn. There was also an 87% growth in the transaction value on the customer operating unit side quarter-on-quarter for the BillAvenue business.

- **Evaluation:**

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'Management expected organic growth through domestic and international expansion. The actual results showed significant revenue and transaction growth, including a 67% increase in Total Payment Volume and a 33% rise in Payments NTR, exceeding the initial growth expectations.'}

5. Payment solutions enhancement

- **Narrative:** Management highlighted their focus on enhancing payment solutions through strategic initiatives. They are targeting improvements in payment processing speed and expanding their geographical footprint. Additionally, they plan to introduce a new feature, TapPay, that is expected to further streamline payment processes.

- **Management's Guidance:**

- Management indicated that the capital raised from the pre-IPO round would be allocated towards achieving faster payment processing, supporting geographical expansion, and implementing the TapPay feature in the upcoming quarters.

- **Actual Results:**

['Q4', '2024']:

- There were no specific results available for Q4 2024 related to the theme of Product Development and Innovation, subtheme Payment solutions enhancement, in the provided actual results data. The available results do not directly address the implementation or outcomes of the TapPay feature or enhancements in payment processing speed as outlined in management's guidance.

['Q1', '2025']:

- Unfortunately, there are no specific results reported for the theme of Product Development and Innovation, subtheme Payment solutions enhancement in Q1 2025 directly related to the narrative and management guidance provided.

- **Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The actual results data for Q4 2024 and Q1 2025 do not provide specific outcomes related to the management's guidance on payment solutions enhancement, including the implementation of TapPay or improvements in payment processing speed, making it impossible to determine if expectations were met.'}

6. New product launches

- **Narrative:** Management highlighted upcoming product initiatives, specifically focusing on launching two new payment solutions. This step is part of their broader strategy to bolster their product portfolio and maintain a competitive edge in the digital payment services market.

- **Management's Guidance:**

- The company plans to launch two new payment solutions in the next six months.

- **Actual Results:**

['Q4', '2024']:

- Unfortunately, there are no specific actual results reported in Q4 2024 for the theme of Product Development and Innovation, subtheme New product launches, related to the narrative and management guidance provided. The available actual results data do not include information pertinent to the company's new payment solutions launch as outlined in the guidance.

['Q1', '2025']:

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

- **Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation_reason': 'The company successfully launched new payment solutions in Q1 2025, including innovative offerings such as Social Network In-stream Payments and B2B payments, aligning with the management's guidance to enhance their product portfolio within the specified timeline.'}

7. Cost reduction strategies

- **Narrative:** Management emphasized the importance of operational efficiency through targeted cost reduction measures. They highlighted a detailed plan aimed at cutting down operational expenses while maintaining service quality and efficiency.

- **Management's Guidance:**

- The CFO outlined a plan to achieve a 12% reduction in operational costs by the end of the current year.

- **Actual Results:**

['Q1', '2025']:

- The board reported a 5% reduction in operational costs for the last fiscal year.

['Q4', '2024']:

- In Q4 2024, management reported that the company reduced operational costs by 8% over the past two quarters, which is below the original guidance.

- **Evaluation:**

- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'Management aimed for a 12% reduction in operational costs by year-end, but only achieved an 8% reduction over the past two quarters, falling short of the original guidance.'}

8. International market penetration

- **Narrative:** Management is focused on expanding the company's international presence, with strategic initiatives targeting multiple regions. Key areas of focus include the Middle East, specifically Saudi Arabia and the UAE, as well as significant growth plans for the US, Australia, and Southeast Asia. Additionally, there are plans to enhance the share of international revenue significantly, indicating a strong drive towards diversifying the company's market footprint globally.

- **Management's Guidance:**

- Vishwas Patel highlighted the company's focus on outperforming their previous results in the Saudi market compared to the UAE in the mid-term. A pre-IPO round of up to USD 25 million is planned to boost growth in the Middle East in FY25. The CEO is planning to expand into three new international markets by Q3 next year. The company aims to make international revenue 30% of total revenue in the coming years, up from less than 10% currently. Vishal Mehta expects international business to double. Pranay Jain discussed plans for expansion into the US, Australia, and Southeast Asian markets.

- Actual Results:

['Q1', '2025']:

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

['Q4', '2024']:

- Vishal Mehta stated that they have doubled their international business last year.

- Evaluation:

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The management's goal to double international business was achieved, and the contribution from international revenue reached 30%, surpassing initial expectations.'}

9. Strategic alliances

- **Narrative:** Management discussed plans to strategically expand by engaging with one or two very large enterprise clients, which aligns with their goal of enhancing their market presence.

- Management's Guidance:

- Management plans to sign up one or two very large enterprise clients this year, which is expected to open up new opportunities and growth avenues for the company.

- Actual Results:

['Q4', '2024']:

- In Q4 2024, management reported that Fable Fintech was incubated, offering a cross-border payments platform to 9 of the top 10 private banks in India across 150+ international corridors in 2015.

['Q1', '2025']:

- In Q1 2025, management reported working with 100-plus banks in India, indicating a strategic expansion and alliance with large enterprises in the financial sector.

- Evaluation:

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'Management's guidance to sign one or two large enterprise clients was surpassed, as they expanded significantly, engaging with 100-plus banks in India, indicating a broader strategic alliance and successful market presence enhancement.'}

10. AI and automation integration

- **Narrative:** Management emphasized ongoing investments in AI technology, recognizing its significant synergies with their existing platforms and payment services. The focus on AI is part of a strategic initiative to bolster their technological offerings and integrate advanced automation capabilities across their services.

- Management's Guidance:

- Management indicates that they will have more developments to share regarding their AI business in FY25, suggesting continued investment and potential enhancements in this area.

- Actual Results:

['Q4', '2024']:

- In Q4 2024, the company reported that the AI hub investment has been made, reflecting progress in their strategic initiative to integrate AI and automation capabilities.

['Q1', '2025']:

- There is no specific data available in the provided actual results for Q1 2025 that directly addresses the theme of Technology and Innovation, subtheme AI and automation integration for Infibeam. Therefore, no performance metrics or outcomes can be reported.

- Evaluation:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The narrative indicates ongoing investments in AI technology with expected updates in FY25, but the actual results only confirm an investment was made by Q4 2024 without further details on outcomes or enhancements, leaving insufficient information to determine if expectations were met.'}

11. Geographic expansion plans

- **Narrative:** Management discussed plans for geographic expansion, emphasizing strategic investments and the introduction of new digital payment solutions in international markets.

- Management's Guidance:

- The company plans to invest in the US market, with specific initiatives aimed at enhancing their presence. Additionally, they expect to launch TapPay and other digital payment solutions in the UAE market in FY25.

- Actual Results:

['Q4', '2024']:

- Unfortunately, there is no specific data available in the provided actual results for Q4 2024 concerning Infibeam's geographic expansion plans, particularly their investments in the US market or the UAE launch of TapPay. The provided actual result pertains to a different context concerning Go Payments' network in India.

['Q1', '2025']:

- No specific data on the US market expansion or TapPay launch in the UAE is provided for Q1 2025. However, it is noted that Go Payments has an active agent network of 110,000+ covering 10,000+ pin codes across India, and over 2,000 hotel clients across India and the Middle East are benefiting from their services.

- Evaluation:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The actual results do not provide specific data regarding Infibeam's geographic expansion plans, particularly regarding investments in the US market or the launch of TapPay in the UAE, making it impossible to assess if expectations were met.'}

12. Merchant acquisition growth

- **Narrative:** Management has outlined a strategic initiative to develop a distinct brand focused on merchant services within the personal finance segment. This move aims to solidify the company's foothold and expand its offerings in the digital payment solutions market.

- Management's Guidance:

- Management announced the plan to build out a separate brand for merchant services under personal finance services, indicating a strategic focus on enhancing merchant acquisition growth.

- Actual Results:

['Q4', '2024']:

- In Q4 FY24, the company reported average daily merchant credit card (CC) additions at 9%, debit card (DC) additions at 7%, and net banking (NB) additions at 3%. Furthermore, as of March 2024, Infibeam had over 10 million merchant accounts, with more than 200 payment options, and processed transactions exceeding 2.57 lakh crores.

['Q1', '2025']:

- In Q1, 2025, management reported having over 10.0 million total merchants, with strong merchant addition in payment continuing. They added 2,30,022 new merchants in the second quarter, averaging more than 2,550 merchants every day.

- **Evaluation:**

- **{'evaluation': 'Expectations Exceeded', 'evaluation_reason': "The initiative to develop a distinct brand for merchant services led to significant growth in merchant acquisition, with over 10 million merchants and robust additions, surpassing management's strategic focus on enhancing merchant acquisition growth."}**

13. Transaction volume trends

- **Narrative:** Management has consistently emphasized their strategic focus on significantly boosting transaction volumes within their digital payment solutions. The leadership team has articulated a clear goal of achieving a substantial increase in transaction volumes, underlining their commitment to expanding their digital payment infrastructure and market reach.

- **Management's Guidance:**

- Management expects to achieve a 20% increase in transaction volumes by the end of the fiscal year 2025.

- **Actual Results:**

['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. The Payments TPV was INR 758 billion in Q4 FY24, showing a year-over-year change of 53%. The Platforms TPV was INR 1,508 billion in Q4 FY24, with a year-over-year change of 81%.

['Q1', '2025']:

- The Transaction Processing Value (TPV) achieved was INR 1,977 billion in 1Q FY25. Infibeam Avenues has an annualized TPV run-rate of INR 8.0 trillion.

- **Evaluation:**

- **{'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'Management aimed for a 20% increase in transaction volumes by the end of FY25, but the actual results show a 53% year-over-year increase in Payments TPV and an 81% increase in Platforms TPV by Q4 FY24, surpassing their expectations significantly.'}**