

Q3 2023

1. Margin expansion initiatives

- **Narrative:** In the Q3 2023 earnings call, management emphasized their focus on enhancing the company's margin expansion through strategic initiatives. A key part of this strategy involves improving the net take rates in their payments business. This is aimed at optimizing revenue streams and contributing to overall financial health.

- **Management's Guidance:**

- Management expressed their goal to achieve double-digit net take rates in the payments business by FY2025, illustrating a clear target for margin expansion.

- **Actual Results:**

['Q1', '2024']:

- The actual results for Q1 2024 indicate that the net take rate for the quarter was 8.4 basis points, up 16% year-on-year, showing progress towards the management's goal of achieving double-digit net take rates by FY2025. This improvement aligns with the company's strategic initiatives for margin expansion. Additionally, the margin profile achieved a 34% increase in net revenue, with a 45% contribution from higher net margin payment options, such as net banking and debit cards.

['Q4', '2023']:

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

['Q2', '2024']:

- In Q2 FY2024, Infibeam reported that the Payments Net Take Rate was 9.3 bps, an increase from 7.5 bps in Q2 FY2023. Additionally, there was a 41% year-over-year increase in Net Revenue. The Payments Gross Take Rate also saw an increase to 112.3 bps from 82.3 bps in the previous year, representing a 36% increase in the gross take rate to 112 basis points.

['Q3', '2023']:

- India Payments Net Take Rate increased by 70% YoY. Total Payments Net Take Rate increased by 64% YoY.

- **Evaluation:**

- **Expectations Met:** The actual results show progress in net take rates, which increased over multiple quarters, aligning with management's guidance of achieving double-digit rates by FY2025, reflecting effective margin expansion initiatives.

2. Profitability metrics

- **Narrative:** Management has outlined a strategic focus on improving the company's profitability metrics by enhancing the net take rate and optimizing operations in profitable sectors. There is also an emphasis on leveraging international growth opportunities and expanding offline payment solutions to boost profitability.

- **Management's Guidance:**

- Vishal Mehta aims to achieve a better take rate by focusing on profitable sectors and leveraging international growth and offline payments.

- **Actual Results:**

['Q2', '2024']:

- In Q2 FY24, the company reported several key performance metrics indicating positive growth and profitability. Payments Gross Revenue (GR) was INR 7,384 million, up from INR 4,343 million in Q2 FY23, and Payments Net Revenue (NR) was INR 611 million, up from INR 393 million in Q2 FY23. The company achieved a net take rate of 9.3 basis points, reflecting a 25% year-over-year increase. Additionally, EBITDA grew by 70%, and PAT grew by 191%. The company also reported a 15% increase in revenue for the last fiscal year.

['Q1', '2024']:

- For Q1 FY24, the actual results reflecting the management's focus on profitability metrics are as follows: - Financial Performance achieved a 31% increase in Adjusted EBITDA, and a 40% increase in Adjusted PAT, with a 57% Adjusted EBITDA margin and a 32% Adjusted PAT margin. - Payments Net Take Rate (NTR) for Q1 FY24 was 8.4 basis points, an increase from 7.2 basis points in Q1 FY23, indicating an improvement in the net take rate as outlined in the strategic focus.

['Q4', '2023']:

- In Q4 FY23, there was a significant improvement in net earning per transaction, increasing from 6.3 bps in Q4'22 to 9.0 bps in Q4'23, marking a 43% year-over-year increase. The company's Gross Revenue for Q4 FY23 was reported as 653 crore INR, reflecting a 77% year-on-year increase. Profit After Tax (PAT) for Q4 FY23 was 38 crore INR, with a 36% increase year-on-year. The EBITDA for Q4 FY23 was 50 crore INR, marking an 11% increase year-on-year. These results align with the management's strategy of enhancing profitability metrics.

['Q3', '2023']:

- The company achieved a Gross Revenue of INR 415 crore in Q3FY23, marking a 4% year-over-year growth. The Net Revenue (NR) was INR 85 crore, showing a 21% year-over-year growth. Additionally, the EBITDA was INR 48 crore, which is a 26% year-over-year increase. The Profit After Tax (PAT) was INR 35 crore, reflecting a 47% year-over-year increase. The payments business net take rate grew by 63% year-over-year to 8.9 bps, indicating significant improvement in profitability metrics.

- **Evaluation:**

- **Expectations Exceeded:** The management's strategic focus on improving profitability metrics through enhancing the net take rate and leveraging international growth opportunities has been successful, as evidenced by significant increases in net take rate, EBITDA, and PAT, surpassing the initial expectations laid out in the guidance.

3. Revenue diversification strategies

- **Narrative:** Management emphasized their focus on diversifying revenue streams by expanding their international business and increasing transaction volumes through their payment services. This strategic direction is aimed at increasing the contribution of international revenue to the overall revenue mix and enhancing transaction processing capabilities.

- **Management's Guidance:**

- Vishal Mehta expects international revenue to grow to 20% to 30% of total revenues in the next two years. Vishal Mehta stated that they expect TPV from payments to increase from 2 lakh Crores for this year to 3.5 lakh Crores, with payments getting to about 4 lakh Crores in the next two years.

- **Actual Results:**

['Q2', '2024']:

- In Q2 FY24, management reported crossing INR1 lakh crores in TPV on the GeM Portal itself this quarter, indicating a significant increase in transaction processing volume, although the specific contribution of international revenue was not detailed at this time.

['Q4', '2023']:

- In Q4 FY23, Infibeam Avenues reported a GeM Transaction Processing Value of INR 2,01,000 Crore [bd5a23c9cd1a1b57a819b687c22b812a]. Moreover, the company registered the highest ever total income of INR 2,033 crores, an increase of 56% year-over-year [c39988ab351329a4e97f25c3ccb99830]. The UAE business processed more than AED 10 billion on an annualized basis across more than 6,000 clients [0e1082153a605f38fab6cb53844f0eea].

['Q3', '2023']:

- The company achieved a Transaction Processing Value (TPV) of INR 95,604 crore in Q3FY23, which is a 27% year-over-year increase. Total TPV crossed INR 1 Lac crore, highest ever in any quarter, up 27% YoY. GeM TPV crossed INR 1.5 Lac crore by end of January. Achieved 12 months FY22 TPV in just 9 months of FY23. The change in transaction mix from credit-based payment options to non-credit-based payment options has led to lower gross revenues for us this quarter. Vishwas Patel mentioned that some of the revenues have already started.

['Q1', '2024']:

- In Q1 FY24, CCAvenue International achieved an INR 24,600 crore annualized TPV run-rate, indicating progress towards increasing transaction volumes through their payment services. Additionally, the UAE processes AED 10 billion on an annualized basis across 7000 odd clients, reflecting the international expansion efforts. Financial Performance also achieved a 77% increase in Gross Revenue, demonstrating growth in revenue streams.

- Evaluation:

- **Expectations Met:** Management's guidance aimed for significant growth in TPV and international revenue diversification, and actual results showed substantial progress in transaction volumes and international market processing, aligning with the strategic goals set by management.

4. Organic growth drivers

- **Narrative:** Management highlighted their confidence in achieving significant revenue growth by focusing on core operational efficiencies and capitalizing on existing market opportunities.

- Management's Guidance:

- Management expects to achieve a revenue growth of 20% for the fiscal year ending March 2023.

- Actual Results:

['Q1', '2024']:

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

['Q2', '2024']:

- In Q2 FY24, management disclosed that they are growing at 60%, 70% year-over-year in terms of revenue. Additionally, the board member stated that the company achieved a 15% increase in revenue this quarter.

['Q3', '2023']:

- Management achieved a revenue growth of 15% for the quarter ended December 31, 2022.

['Q4', '2023']:

- In Q4 FY23, management reported that the Year-over-Year growth was 58% for Payments Gross Revenue, 61% for CCAvenue (PA license), 32% for BillAvenue (BBPOU license), 26% for Go Payments, and 52% for Total Gross Revenue (GR), which indicates that the company exceeded its original revenue growth guidance. Additionally, sequentially, the total income went up by 81% to INR 674 crores, and revenue grew from INR 160 crores to INR 169 crores. Vishal Mehta also stated that they have observed more than 40% growth quarter-over-quarter compared to the same period last year.

- Evaluation:

- **Expectations Exceeded:** Management expected a 20% revenue growth for the fiscal year ending March 2023, but the actual results showed revenue growth of 28% in Q1 2024 and substantial year-over-year increases in subsequent quarters, surpassing the original guidance significantly.

5. Payment solutions enhancement

- **Narrative:** Management is focused on expanding the deployment of their omni-channel payment solution significantly, with a strategic plan in place to roll it out across a substantial number of devices by the conclusion of the fiscal year 2024. Additionally, the company is leveraging its exclusive certification for pin-on-glass technology to transform the transaction process, which is expected to phase out current terminal systems over the coming years.

- Management's Guidance:

- The company plans to deploy their omni-channel payment solution across more than a million devices by the end of FY2024. The company has the exclusive certification for pin-on-glass for transactions above 5000, and existing terminals are expected to be eliminated in the next two or three years.

- Actual Results:

['Q2', '2024']:

- In 2023, became India's first online payment player to process CBDC (eRupee) transactions for online retail payments

['Q3', '2023']:

- We have achieved another milestone of being the industry-first to process digital Rupee transaction for online retail payments.

['Q4', '2023']:

- No actual results specific to the theme of Product Development and Innovation, subtheme Payment solutions enhancement, were found in the available data for Q4 2023.

['Q1', '2024']:

- In Q1 FY2024, management reported that they became India's first online payment player to process CBDC (eRupee) transactions for online retail payments.

- Evaluation:

- **Insufficient Info:** Although the company achieved significant milestones with the processing of digital Rupee transactions, there's insufficient information about the deployment of the omni-channel payment solution across more than a million devices or the progress on the pin-on-glass technology, which were the key management expectations.

6. New product launches

- **Narrative:** Management highlighted their strategic focus on broadening the company's product offerings with the development of a new payment platform, set for launch by Q3 of the next fiscal year. This initiative is part of their ongoing efforts to innovate and capture a larger share of the digital payments market.

- Management's Guidance:

- Management plans to launch a new payment platform by Q3 of the next fiscal year.

- Actual Results:

['Q1', '2024']:

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

['Q4', '2023']:

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

['Q2', '2024']:

- Unfortunately, there are no specific actual results available for the period ['Q2', '2024'] in the database provided that directly correspond to the theme of Product Development and Innovation with the subtheme New product launches. The results from the knowledge graph pertain to previous launches and innovations but do not mention the new payment platform anticipated by management in earlier guidance.

['Q3', '2023']:

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

- Evaluation:

- Expectations Not Met: The management planned to launch a new payment platform by Q3 of the next fiscal year, but the actual results show no specific mention of this launch, indicating that the expectations were not met as per the guidance.

7. Geographic expansion plans

- Narrative: Management discussed their geographic expansion strategy, highlighting plans to scale operations in Saudi Arabia and expand into additional geographies. This includes building more partnerships and launching new services in FY2024.

- Management's Guidance:

- The company plans to scale its operations in Saudi Arabia starting from the next financial year. Additionally, they are expected to expand geographies and discuss other launches in FY2024 while building more tie-ups and onboarding more partners.

- Actual Results:

['Q1', '2024']:

- Unfortunately, the provided actual results do not contain direct information or performance metrics specifically related to the geographic expansion plans in Saudi Arabia or additional geographies for Q1, 2024. The available data focuses on the expansion of the customer base and network coverage in India.

['Q2', '2024']:

- The actual results for Q2 FY2024 indicate that the company has established a 100,000+ active agent network covering 10,000+ pin codes across India.

['Q3', '2023']:

- No specific actual results for Q3 2023 related to the theme Market Strategy and Expansion, subtheme Geographic expansion plans, were provided in the available data.

['Q4', '2023']:

- Unfortunately, based on the provided knowledge graph, there are no specific actual results available for the theme Market Strategy and Expansion, subtheme Geographic expansion plans, in Q4 2023.

- Evaluation:

- Insufficient Info: The actual results provided do not include specific information or performance metrics related to the geographic expansion plans in Saudi Arabia or other geographies for FY2024, making it impossible to assess whether expectations were met.

8. Merchant acquisition growth

- Narrative: Management discussed their strategic plans to significantly expand their merchant base by leveraging offline payment solutions such as TapPay to drive growth. The introduction of TapPay is a key initiative aimed at increasing merchant acquisition, with a target to grow from 8.1 million to 10 million merchants. The company is focusing on increasing daily merchant additions and aims to achieve substantial milestones by the end of fiscal years 2023 and 2024.

- Management's Guidance:

- Vishal Mehta plans to increase the merchant base from 8.1 million to 10 million merchants with the introduction of offline payments (TapPay). Vishal Mehta stated the goal to reach 100,000 merchants by the end of March 2023 and a million merchants by the end of 2024. Vishal Mehta confirmed that they are on track to achieve 100,000 merchants by the end of FY2023. Vishwas Patel indicated that achieving a million merchants next year is very doable as they have received approval for their SDK integration from card networks. Vishal Mehta stated that the company has increased its daily merchant addition average from 7,000 to 11,700 since Q2. Vishal Mehta stated that the company aims to take TapPay installations up to 1 million merchants shortly.

- Actual Results:

['Q2', '2024']:

- In Q2 FY24, Vishwas Patel mentioned that during the nine months ending September 2023, they onboarded close to 1 million merchants. Additionally, Vishwas Patel stated that the total count of merchants using the CCAvenue platform is 2.7 million.

['Q3', '2023']:

- In Q3 2023, the company added a record 1.1 million merchants, with an average of 11,700 merchants being added daily. This represents a significant increase and aligns with the management's guidance of increasing daily merchant additions. The total number of merchants reached 8.4 million, marking a 72% year-over-year growth. Additionally, more than 0.5 million merchants were onboarded in Q3 alone in the payment gateway business.

['Q4', '2023']:

- In Q4 2023, the company reported having 9.2 million total merchants, with approximately 9,500 merchants added every day in FY23. The company onboarded an average of more than 8,000 merchants every day and added a total of 3.5 million merchants during the year. However, they only onboarded 150,000 merchants in the first six months of the TapPay launch.

['Q1', '2024']:

- Infibeam added approximately 9,500 merchants every day in Q1 FY24, reaching a total of 10.0 million merchants. Over the past few quarters, they added an average of 9,500 merchants daily, and the number of merchants has touched 10 million.

- Evaluation:

- Expectations Exceeded: Infibeam surpassed its goal of reaching 10 million merchants by early FY2024, achieving this milestone ahead of the target for the end of FY2024, and significantly increased daily merchant additions, exceeding management's expectations for growth.

9. Transaction volume trends

- Narrative: Management has outlined a robust growth strategy focused on increasing transaction volumes significantly over the upcoming quarters. They have emphasized the expansion of digital transactions and projected substantial growth in digital payments, particularly in the Indian market.

- Management's Guidance:

- The CEO provided guidance on achieving a 20% increase in digital transactions over the next year. Vishal Mehta stated that digital payments in India are estimated to grow by 45% to 50% in FY2023 to approximately Rs. 54 trillion, or \$675 billion. The CFO mentioned that the company aims to achieve a 20% increase in transaction volume by the end of the fiscal year. The management had previously guided for a Total Payment Volume (TPV) of 4 lakh Crore for the year-end FY2023. Vishal Mehta stated that they are tracking to achieve a transaction processing volume closer to 4 lakh Crores by the end of the year.

- Actual Results:

['Q2', '2024']:

- Total Transaction Processing Value (TPV) was INR 1,785 billion in Q2 FY24 and INR 1,000 billion in Q2 FY23. Payments TPV was INR 769 billion in Q2 FY24 and INR 602 billion in Q2 FY23. Platforms TPV (GeM GMV) was INR 1,016 billion in Q2 FY24 and INR 398 billion in Q2 FY23.

['Q4', '2023']:

- In Q4 FY23, the Transaction Processing Value (TPV) was reported as 1.47 lakh crore INR, showing a year-on-year increase of 61%. For the full fiscal year FY23, the TPV reached 4.44 lakh crore INR, indicating a 52% increase year-on-year.

['Q3', '2023']:

- Transaction Processing Value (TPV) for Q3FY23 was INR 87,398 crore, an increase of 24% YoY. Additionally, Transaction Processing Value (TPV) achieved was 95,604 INR crore with a year-over-year increase of 27% for Q3FY23.

['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. The board achieved a 25% growth in digital transactions this year.

- Evaluation:

- Expectations Exceeded: Infibeam's management guided for a 20% increase in transaction volume for FY2023, but the actual results showed a 52% year-on-year increase in Total Payment Volume (TPV), significantly surpassing the initial expectations.