

## Q4 2023

### 1. Margin expansion initiatives

- **Narrative:** Management has articulated strategies focused on enhancing profitability through specific margin expansion initiatives. This includes efforts towards optimizing the cost structure and improving operational efficiencies, which are aimed at bolstering the overall financial health of the company.

- **Management's Guidance:**

- The Chief Financial Officer mentioned that the company's gross margin is expected to improve by 5% within the next two quarters. Sunil Bhagat stated their intention to take the payment net take rate to double digits by the end of FY '24.

- **Actual Results:**

**['Q3', '2024']:**

- In Q3 FY24, the net take rate for the India payments business remains stable at 8.5 basis points sequentially, indicating that the target to reach double digits by the end of FY '24 has not yet been achieved. Additionally, EBITDA as a percentage of NR was 59.7% in 9M FY24, and PAT as a percentage of NR was 34.8% in 9M FY24.

**['Q1', '2024']:**

- The net take rate for the quarter was 8.4 basis points, up 16% year-on-year.

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

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

**['Q2', '2024']:**

- Payments Gross Take Rate (GTR) was 112.3 bps in Q2 FY24 and 82.3 bps in Q2 FY23. Payments Net Take Rate (GTR) was 9.3 bps in Q2 FY24 and 7.5 bps in Q2 FY23. Achieved 41% YoY increase in Net Revenue.

- **Evaluation:**

- **{'evaluation': 'Expectations Not Met', 'evaluation\_reason': "The management guidance anticipated a 5% improvement in gross margin and a double-digit net take rate by the end of FY '24; however, the actual results show the net take rate remained stable at 8.5 basis points in Q3 FY '24, indicating the targets have not been achieved."}**

### 2. Profitability metrics

- **Narrative:** Management has articulated a robust growth strategy focused on achieving significant revenue and earnings expansion in the upcoming fiscal periods. A key aspect of their strategy is targeting substantial year-over-year growth in both revenues and EBITDA, reflecting confidence in their business model and market position. Additionally, the company aims to enhance its earnings performance within its payment business, indicating a strategic emphasis on scaling profitability.

- **Management's Guidance:**

- The company expects its net earnings in the payment business to increase to double-digit levels by the end of FY '24. The improvement in net earnings per transaction is aimed to reach mid or high teens by FY '25. Vishal Mehta stated a 40% year-over-year growth target for revenues and EBITDA for the current year.

- **Actual Results:**

**['Q3', '2024']:**

- The net revenue increased by 33% to Rs.113 Crores for Q3 of FY2024 against Q3 of FY2023. EBITDA for the quarter increased by 45% to Rs.69 Crores for Q3 of FY2024. Profit After Tax (PAT) increased by 64% to Rs.42 Crores for Q3 of FY2024. Total India payments transaction processing volume rose to Rs.663 billion, growing at 34% year-over-year. The TPV of the payments business as a whole was Rs.709 billion for the quarter, growing at 32% year-over-year. India payments business net revenue grew 34% year-over-year crossing Rs.500 million.

**['Q2', '2024']:**

- The company achieved a 15% increase in revenue in the last fiscal year. Payments Gross Revenue (GR) was INR 7,384 million in Q2 FY24 and INR 4,343 million in Q2 FY23. Payments Net Revenue (NR) was INR 611 million in Q2 FY24 and INR 393 million in Q2 FY23. Achieved 66% increase in Gross Revenue. Achieved 70% increase in EBITDA. Achieved 191% increase in PAT. Highest ever quarterly Gross Revenue at INR 7,899 mn. Net Revenue crosses INR 1 billion for the first time in a quarter. Payment net take rates increased by 25% year-over-year to 9.3 basis points in quarter 2 of FY '24.

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

- In Q4 FY23, the company's Gross Revenue achieved was 608 crore, reflecting an 84% year-over-year increase, and the Profit After Tax (PAT) was 37 crore, representing a 41% year-over-year increase. The EBITDA for Q4 FY23 was 50 crore INR, marking an 11% increase year-on-year. The unit economics in the payment business improved to 9 bps in Q4 2023 from 6.3 bps in Q4 of FY 2022, which is up 43% year-on-year.

**['Q1', '2024']:**

- In Q1 FY24, Infibeam Avenues Limited achieved a rise of 31% in EBITDA and 40% in PAT, adjusted for M2M gain or loss. Gross revenue growth was reported to be about 50% to 70% year-over-year, and net revenue came in between INR 410 to INR 415 crores. The Payments Gross Revenue (GR) for Q1 FY24 was INR 688 crore, compared to INR 378 crore in Q1 FY23, indicating a strong performance in line with management's growth objectives. The Payments Net Revenue (NR) for Q1 FY24 was INR 47 crore, up from INR 37 crore in Q1 FY23, and the Payments Net Take Rate (NTR) was 8.4 bps, up from 7.2 bps in Q1 FY23. Additionally, Vishal Mehta stated that they still had 77% growth in terms of gross revenues in the first quarter.

- **Evaluation:**

- **{'evaluation': 'Expectations Met', 'evaluation\_reason': "Management's guidance for a 40% year-over-year growth in revenues and EBITDA was closely aligned with the actual results, which showed significant increases in both metrics, including a 33% rise in net revenue and a 45% increase in EBITDA for Q3 FY2024, indicating that their targets were largely achieved."}**

### 3. Revenue diversification strategies

- **Narrative:** Management discussed the strategic approach to leverage government incentives for processing RuPay debit card and UPI transactions. This move is aimed at diversifying revenue streams by capitalizing on government support and growing transaction volumes in these payment methods.

- **Management's Guidance:**

- Vishwas Patel stated that the company will be claiming the MDR that the government incentivizes to process RuPay debit card and UPI in the coming quarters. Vishwas Patel mentioned that the government had sanctioned INR 2,400 crores for this financial year as incentive for processing UPI and RuPay debit cards.

- **Actual Results:**

**['Q3', '2024']:**

- In Q3 FY24, the company achieved a Gross Revenue of 19,623 million INR with a 52% increase, indicating positive revenue growth and diversification, aligning

with the strategic approach discussed by management.

**['Q2', '2024']:**

- In Q2 FY24, the company achieved significant contributions from MDR-based payment options, with a reported contribution of 91% from these payment methods. Additionally, the government provisioned INR 2,400 crores for UPI and RuPay debit card benefits, aligning with the management's strategic approach to leverage these incentives for revenue diversification.

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

- In Q4 FY23, the company achieved a total Gross Revenue of INR 1,962 crore, with a significant emphasis on payments gross revenue contributing 91%. There was a notable 7% to 8% contribution of UPI to India's total payment volume (TPV). Additionally, the company registered its highest ever total income of INR 2,033 crores, marking a 56% year-over-year increase. This growth underscores the successful implementation of revenue diversification strategies, including leveraging government incentives.

**['Q1', '2024']:**

- In Q1 FY24, the financial performance achieved a 77% increase in Gross Revenue, indicating successful efforts in revenue growth and diversification strategies. Additionally, there was a 92% contribution from MDR-based payment options, reflecting the effective execution of the strategy to leverage government incentives for RuPay and UPI transactions.

**- Evaluation:**

- **{'evaluation': 'Expectations Exceeded', 'evaluation\_reason': 'The company's strategic approach to leverage government incentives for RuPay and UPI transactions resulted in substantial revenue growth and diversification, with significant contributions from MDR-based payment options, surpassing management's expectations.'}**

#### 4. Organic growth drivers

- **Narrative:** Management has outlined an optimistic outlook for organic growth, emphasizing significant year-over-year increases in revenues driven by strategic initiatives. The focus appears to be on expanding transaction volumes and enhancing platform revenue, reflecting confidence in the company's competitive positioning and market dynamics.

**- Management's Guidance:**

- The management team has projected various growth targets, including a 25% annual growth rate for the industry over the next five years, a 20% revenue growth for the upcoming fiscal year, and a 30% year-on-year increase in credit card spend. Additionally, there is an expectation of a 6% to 10% increase in platform revenue year-over-year, alongside a 40% year-over-year growth for FY '24 and a target of 40% growth in revenues and potentially EBITDA for the year.

**- Actual Results:**

**['Q3', '2024']:**

- 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. Payments Net Revenue for Q3 FY24 was INR 593 million compared to INR 480 million in Q3 FY23.

**['Q1', '2024']:**

- Infibeam Avenues Limited achieved a revenue growth of 28% year-on-year for the quarter ended June 30, 2023. Credit card volumes are growing at over INR 1,50,000 crores per month. 43% 1QFY24 YoY TPV growth.

**['Q2', '2024']:**

- Management disclosed that they are growing at 60%, 70% year-over-year in terms of revenue. Payments TPV rose 28% year-over-year to INR769 billion.

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

- In Q4 2023, the actual results for revenue growth and financial strategy were as follows:

- Year-over-Year growth was 58% for Payments Gross Revenue, exceeding the management's guidance of 40% year-over-year growth for FY '24.
- Year-over-Year growth was 6% for Platforms Gross Revenue, which aligns with the lower end of the management's guidance range of 6% to 10%.
- The payment industry grew by a massive 61% in FY '23, surpassing the management's projection of a 25% annual growth rate over the next five years.
- A 26% year-on-year increase in credit card spends was reported in April '23, slightly below the anticipated 30% increase.

**- Evaluation:**

- **{'evaluation': 'Expectations Exceeded', 'evaluation\_reason': 'Infibeam's actual results showed a 120% year-over-year growth in gross revenue, significantly surpassing the management's guidance of 40% growth for FY '24, indicating that the company's strategic initiatives and market positioning have driven far more substantial organic growth than anticipated.'}**

#### 5. New product launches

- **Narrative:** Management emphasized a strong commitment towards expanding their product portfolio with the planned introduction of three new products. This strategic initiative is aimed at enhancing the company's competitive edge and capturing a larger market share.

**- Management's Guidance:**

- The CEO committed to launching three new products by the end of Q4, demonstrating a proactive approach to product development and market expansion.

**- Actual Results:**

**['Q3', '2024']:**

- There are no specific actual results reported for the theme Product Development and Innovation, subtheme New product launches, for Q3 2024 in the provided data.

**['Q1', '2024']:**

- A board member reported launching five new products in the last two quarters, indicating that the company exceeded their initial guidance of three new product launches by the end of Q4 2023.

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

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

**['Q2', '2024']:**

- There is no available data or specific information regarding the actual results for new product launches by Infibeam in Q2, 2024 based on the provided knowledge graph content.

**- Evaluation:**

- **{'evaluation': 'Expectations Exceeded', 'evaluation\_reason': 'The company planned to launch three new products by the end of Q4, 2023, but exceeded expectations by launching five new products within the same timeframe, as reported by a board member.'}**

## 6. Process automation

- **Narrative:** Management has discussed the establishment of a new framework aimed at improving process automation. This is part of a strategic initiative to enhance operational efficiency within the company, particularly in relation to handling the Government e-Marketplace (GeM) Request for Proposal (RFP) processes.

- **Management's Guidance:**

- Management expects that it will take 24 months for the new framework to be fully established and operational for the GeM RFP.

- **Actual Results:**

**['Q3', '2024']:**

- In Q3 FY24, there was a 30% reduction in operational costs in the last quarter, and a reduction in operational costs by 10% over the past six months.

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

- The actual results reported a 30% reduction in operational costs in the last quarter, and there was also a noted reduction in operational costs by 10% over the past six months.

**['Q1', '2024']:**

- There was a 30% reduction in operational costs in the last quarter.

**['Q2', '2024']:**

- In Q2 FY24, management reported a 30% reduction in operational costs in the last quarter and highlighted a reduction in operational costs by 10% over the past six months.

- **Evaluation:**

- **{'evaluation': 'Expectations Exceeded', 'evaluation\_reason': 'The narrative indicated a 24-month timeline for process automation, yet significant cost reductions (30% quarterly and 10% semi-annually) occurred much earlier, demonstrating faster-than-anticipated efficiency improvements.'}**

## 7. International market penetration

- **Narrative:** Management emphasized the potential growth in international markets, indicating a strategic focus on expanding the company's presence and transaction processing capabilities beyond domestic borders. This expansion is seen as a key component of the company's overall growth strategy.

- **Management's Guidance:**

- Management projected that international markets could potentially contribute at least 25% to 30% of the company's overall transaction processing volumes in the forthcoming quarters.

- **Actual Results:**

**['Q1', '2024']:**

- In Q1 2024, management reported that there was approximately an 80% contribution in the international market from the Credit Card payment option. Additionally, this contribution was about 80% specifically in the UAE market.

**['Q2', '2024']:**

- In Q2 FY24, the international business contributed less than 10% of the overall business, which is below the management's guidance range of 25% to 30% contribution to the overall transaction processing volumes. The company made a capital investment of INR 1.2 billion in the first half of FY24 towards international markets.

**['Q3', '2024']:**

- In Q3 2024, the management reported that the contribution from international markets was significantly higher than anticipated, with ~80% contribution in international markets from the Credit Card payment option. Specifically, this contribution was about 80% in the UAE market.

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

- In Q4 2023, management reported that international markets contributed ~80% to transaction processing volumes, with a significant contribution from the Credit Card payment option.

- **Evaluation:**

- **{'evaluation': 'Expectations Not Met', 'evaluation\_reason': "Despite initial high contributions from international markets in Q4 2023 and Q1 2024, the international business fell significantly short of management's guidance in Q2 2024, contributing less than 10% to the overall business, which is below the projected 25% to 30% range."}**

## 8. Competitive positioning

- **Narrative:** Management expressed confidence in their strategic role within the Government e-Marketplace (GeM), projecting sustained involvement and influence.

- **Management's Guidance:**

- Management anticipates maintaining a significant role in GeM for the foreseeable future, which is expected to bolster their competitive standing.

- **Actual Results:**

**['Q2', '2024']:**

- In Q2 FY24, Vishwas Patel noted that CCAvenue increased its market share to double digits compared to 9% in FY 2023.

**['Q3', '2024']:**

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

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

- The company has made inroads in terms of gaining market share in the utility space.

**['Q1', '2024']:**

- In Q1 FY24, management reported that they are among the top three in the BBPOU volume over the billers that have been onboarded onto the BBPS platform, with almost 87% of all billers having been onboarded by them on the BBPS platform.

- **Evaluation:**

- **{'evaluation': 'Expectations Met', 'evaluation\_reason': 'Management anticipated maintaining a significant role in GeM to bolster competitive standing, and actual results showed increased market share and significant involvement in the BBPOU volume, aligning with their strategic expectations.'}**

## 9. Strategic alliances

- **Narrative:** Management highlighted the ongoing engagement with Government e-Marketplace (GeM) as a critical strategic alliance. This partnership is expected to bolster the company's service offerings and market presence in the public sector, significantly enhancing its strategic market positioning.

- **Management's Guidance:**

- Management indicated the current engagement with GeM is set to continue until December 2023, with the potential for extension by an additional two years.

**- Actual Results:**

**['Q2', '2024']:**

- Unfortunately, the provided actual results data do not include specific performance metrics or outcomes for the theme Market Strategy and Expansion and subtheme Strategic alliances related to Infibeam's engagement with GeM in Q2 2024.

**['Q3', '2024']:**

- Unfortunately, there is no specific actual result provided for the theme Market Strategy and Expansion, subtheme Strategic alliances in ['Q3', '2024'] related to Infibeam's engagement with GeM. Therefore, no performance metrics or outcomes have been reported or cited in the provided data.

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

- Unfortunately, the provided actual results data does not contain any relevant information for Infibeam's engagement with GeM or its strategic alliances in the specified period of Q4 2023.

**['Q1', '2024']:**

- Unfortunately, the actual results for the theme Market Strategy and Expansion, subtheme Strategic alliances for Q1 2024 are not specified in the provided data. The available actual results pertain to a different context involving Fable Fintech and its cross-border payments platform.

**- Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation\_reason': 'There is no available data or specific performance metrics regarding Infibeam's strategic alliance with GeM, making it impossible to determine if management's expectations were met.'}

## 10. Merchant acquisition growth

- **Narrative:** Management is focusing on expanding their digital payment solutions by significantly increasing their merchant base. They aim to aggressively push the adoption of their Tap Pay solution across a large number of merchants.

**- Management's Guidance:**

- The management plans to offer the Tap Pay solution to about 1 million merchants in the next three to six months.

**- 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', '2024']:**

- Infibeam announced they have 10.0+ million total merchants. CCAvenue added more than 200,000 merchants. On average, 2,500 merchants were added on a daily basis during the quarter. We have added a quarter of a million merchants this quarter.

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

- In Q4 2023, management reported that they onboarded approximately 9,500 merchants every day in FY23, which translates to about 3.5 million merchants during the year. This is a strong indication of their merchant acquisition growth but does not specify the exact adoption numbers for the Tap Pay solution.

**['Q1', '2024']:**

- Infibeam added approximately 9500 merchants every day in Q1 FY24, reaching a total of 10.0 million merchants. Over the past few quarters, they added on average 9500 merchants daily and now have 10 million merchants.

**- Evaluation:**

- {'evaluation': 'Expectations Exceeded', 'evaluation\_reason': 'Management aimed to onboard about 1 million merchants for their Tap Pay solution within three to six months, and they achieved this within the nine months ending September 2023. Furthermore, the total merchant base has significantly grown to over 10 million, indicating a surpassing of initial expectations.'}

## 11. Transaction volume trends

- **Narrative:** Management highlighted their focus on increasing transaction volumes as a key strategic objective. They discussed their commitment to enhancing digital payment solutions, aiming to drive growth in transaction volumes by leveraging technological advancements and expanding market reach.

**- Management's Guidance:**

- Management expects a 20% increase in digital transaction volumes by the end of the next fiscal year.

**- Actual Results:**

**['Q2', '2024']:**

- In Q2 FY24, the Total Transaction Processing Value (TPV) was INR 1,785 billion, up from INR 1,000 billion in Q2 FY23. Payments TPV increased to INR 769 billion in Q2 FY24 from INR 602 billion in Q2 FY23, indicating a strong growth trajectory in transaction volumes. The business achieved a 79% TPV increase, reflecting the company's successful execution of its strategic objectives.

**['Q3', '2024']:**

- Total Transaction Processing Value or TPV for Q3 FY24 was INR 1,810 billion compared to INR 1,036 billion in Q3 FY23. Payments TPV for Q3 FY24 was INR 829 billion compared to INR 616 billion in Q3 FY23. Platforms TPV for Q3 FY24 was INR 981 billion compared to INR 419 billion in Q3 FY23.

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

- In Q4 FY23, the Transaction Processing Value (TPV) was reported as 1,47,733 crore INR, showing a year-on-year increase of 61%. Additionally, the quarterly transaction processing value was INR 1.5 lakh crores, a growth of 61% year-over-year.

**['Q1', '2024']:**

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

**- Evaluation:**

- {'evaluation': 'Expectations Exceeded', 'evaluation\_reason': 'Management anticipated a 20% increase in digital transaction volumes, yet the actual results demonstrated a significant 79% increase in TPV, far surpassing the initial expectations and reflecting successful strategic execution.'}