



# Q4FY24 Infibeam Avenues Ltd



## Infibeam Avenues Ltd

Mixed Results; PAT outperformed while top-line missed estimates

CMP INR 32.1*	Target INR 37.6	Potential Upside 17.2%	Market Cap (INR Mn) INR 89,441	Recommendation BUY	Sector Internet Software & Services
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### Result Highlights

- Infibeam Avenues reported mixed results with profits beating our estimates despite being a miss on the top line.
- Revenue increased 11.4% YoY to INR 7,269 Mn due to strong growth in Transaction Processing Value (TPV) to INR 2,266 Bn in Q4FY24 (+53.0% YoY) followed by an improvement in Net Take Rate (NTR) to 9.2 bps from 9.0 bps.
- EBIT grew 43.7% YoY to INR 482 Mn due to strong top-line growth aided by lower opex, lower employee expense, and lower other expenses partially offset by higher depreciation costs, as a result, EBIT Margins improved to 6.6% (+149 bps YoY).
- PAT jumped 28.1% YoY to INR 492 Mn aided by lower taxes, as a result PAT Margins improved to 6.8% (+89 bps YoY).
- Infibeam Avenues plans international expansion and increased offline presence in India, targeting double-digit NTR by FY25E. We adjust our EV/Sales multiple to 1.8x but lower our target price to INR 37.6/share on a slight delay in execution. However, we retain our “BUY” rating on Infibeam Avenues as recent expansion plans offer robust growth prospects.

### MARKET DATA

Shares outs (Mn)	2,782
Mkt Cap (INR Mn)	89,441
52 Wk H/L (INR)	42.5/13.7
Volume Avg (3m K)	43,313
Face Value (INR)	1.0
Bloomberg Code	INFIBEAM IN

### KEY FINANCIALS

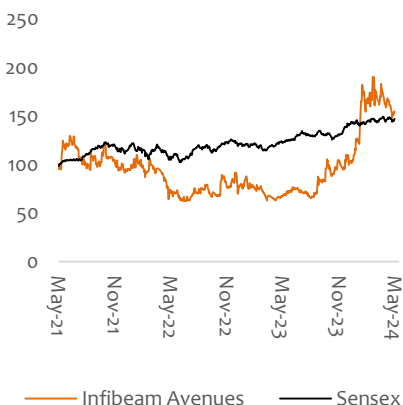
INR Millions	Q4FY24	Q3FY24	Q4FY23	QoQ	YoY
Gross Revenue	7,269	9,120	6,527	-20.3%	11.4%
EBIT	482	502	336	-3.9%	43.7%
PAT	492	408	384	20.7%	28.1%
OPM (%)	6.6%	5.5%	5.1%	113bps	149bps
NPM (%)	6.8%	4.5%	5.9%	230bps	89bps

Source: Company, KRChoksey Research

### Growth in TPV, Enhanced Net Take Rate (NTR), and 10+ Mn Merchant base

- In Q4FY24, the Company's revenue rose due to growth in TPV aided by enhanced NTR. For Q4FY24, the Company has excluded income from GeM business.
- The Company reported higher EBIT & PAT due to reduced operating expenses aided by lower taxation and higher other income.
- INFIBEAM expects to grow its revenue by focusing on its share of international revenue and by offering financial products to merchants.
- Infibeam intends to exit FY25E with a double-digit Net Take Rate (NTR).
- In FY25E, the Company aims to attain gross revenue between INR 39,000 – 42,000 Mn and net income ranging from INR 4,500 – 5,000 Mn. EBITDA is projected to fall within INR 2,750 – 3,000 Mn, while the estimated PAT is anticipated to be between INR 1,750 – 2,000 Mn.

### SHARE PRICE PERFORMANCE



### MARKET INFO

SENSEX	73,953
NIFTY	22,529

### Innovative Initiatives, Smart AI Investments, strategic acquisitions, and dynamic growth strategies to drive future growth

- The Company is focusing on improving its international presence. Infibeam has secured approval from the Saudi Arabian Monetary Authority (SAMA) to function as a payment processor in the Kingdom of Saudi Arabia (KSA)
- Being its new operations in KSA, INFIBEAM has invested USD 10 Mn for a 20.0% stake in XDuce, a US-based enterprise application, and AI development company to enhance its CCAvenue's payment business in the USA.
- Other key developments for Infibeam – a) Announced THEIA, a video AI platform, b) received approval from RBI for payment aggregator license, c) will provide merchant finance offerings, d) announced a pre-IPO funding of up to USD 20 Mn of its UAE based subsidiary.

### SHARE HOLDING PATTERN (%)

Particulars (%)	Mar-24	Dec-23	Sep-23
Promoters	27.4	28.1	29.1
FIIIs	7.5	6.3	6.3
DIIIs	0.1	0.1	0.1
Others	65.0	65.5	64.5
Total	100.0	100.0	100.0

\*Based on previous closing

27.5%

Revenue CAGR between FY24 and FY26E

41.1%

Adj. PAT CAGR between FY24 and FY26E

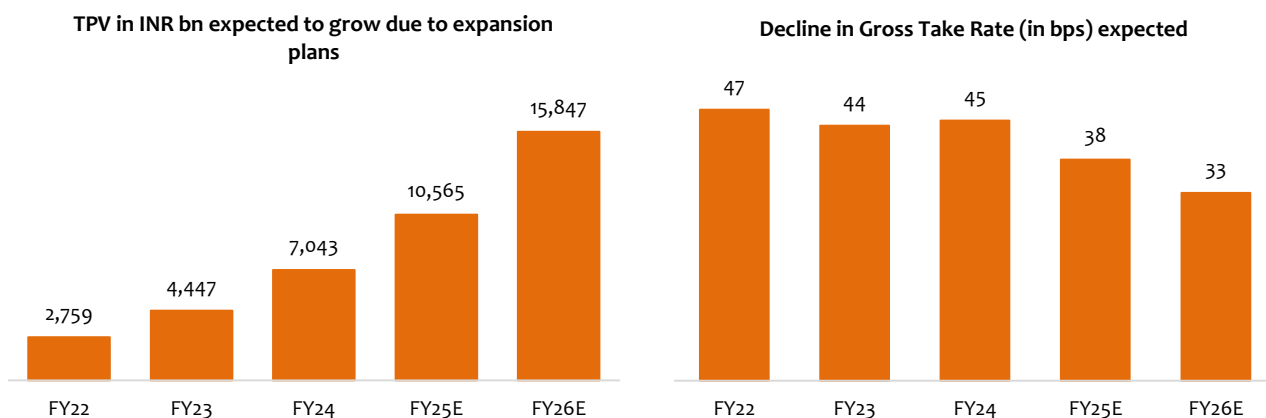
## Infibeam Avenues Ltd

### Key Concall Highlights:

- The Company's liquidity position has improved significantly with cash and cash equivalents at INR 8,370 Mn (+up 129% YoY).
- Infibeam Avenues' take rate has improved to 9.2 bps attributed to better execution, optimization, discipline, and innovation in digital payments.
- INFIBEAM announced that it has not recorded any income from the Government e-Marketplace (GeM), one of its clients, despite providing services to GeM as it has extended GeM a license for the base marketplace platform. The deal hasn't been finalized yet.
- Revenue for Q4FY24 was entirely generated from enterprise clients, both existing and new.
- The management also confirmed that all intellectual property belongs to the Company and is confident of achieving a run rate of INR 550 Mn for FY25E.
- Infibeam Avenues announced THEIA, a video AI platform that extracts valuable information from videos, optimizes workflow and boosts operational efficiency.
- The Company has received approval from RBI for the payment aggregator license, enabling them to expand payment brand CCAvenue further.
- The Company invested USD 10 Mn for a 20.0% stake in XDuce to grow its international payments business and to improve Infibeam Avenue's Phronetic.ai solutions.
- Infibeam became the first company in Saudi Arabia to secure an eMSP, Payment Technical Service Provider from SAMA.
- The Company intends to offer access to merchant financial products under "Merchant Finance Offering" and also aims to expand its international operations, targeting an increase in global revenue to 30.0% of total income, up from the current contribution of less than 10.0%.
- Infibeam's international subsidiary has announced a pre-IPO funding round of up to USD 25 Mn to support its expansion in the Middle East region.
- For FY25E, the Company intends to achieve a gross revenue of INR 39,000 – 42,000 Mn with a net income of INR 4,500 Mn – 5,000 Mn. EBITDA is expected to be around INR 2,750 Mn – INR 3,000 Mn with an estimated PAT of INR 1,750 Mn – INR 2,000 Mn.
- Infibeam's merchant business onboarded 2,500 new merchants daily.
- On NTR, Infibeam expects to exit FY25E with double-digit bps.

### Valuation:

Infibeam Avenues plans to expand internationally in Saudi Arabia, UAE, and the US through investments, acquisitions, and new strategies, aiming for double-digit NTR by FY25E. In India, the Company plans to increase offline presence via TapPay and offer financial products to its merchants. **We raise our EV/Sales multiple to 1.8x (from 1.3x) given our confidence on the Company's vision and growth plans, with better geographical diversification and higher international revenue.** However, we reduce our FY24-FY26E sales CAGR to 27.5%, given our expectations that the Company will be able to execute its plans and achieve the anticipated growth, albeit with timelines that would be longer-than-expected. Consequently, we also lower our target price to INR 37.6 (from INR 41.7), indicating a 17.2% upside from current levels. We maintain our "BUY" rating for Infibeam Avenues, as the Company is poised for significant growth, driven by recent acquisitions, international opportunities and new offerings.



Source: Company, KRChoksey Research

# Infibeam Avenues Ltd

## KEY FINANCIALS

### Exhibit 1: Profit & Loss Statement

INR Millions	FY22	FY23	FY24	FY25E	FY26E
Revenues	12,939	19,623	31,711	40,431	51,550
Cost of sales	10,346	16,340	27,425	34,967	44,488
Gross profit	2,594	3,284	4,286	5,465	7,062
Opex	1,144	1,488	1,759	2,233	2,681
Operating profit	823	1,180	1,839	2,336	3,561
D&A	626	616	688	896	821
EBITDA	1,450	1,796	2,527	3,232	4,382
Finance Cost	19	20	24	16	21
Other income, net	100	707	281	445	567
PBT before share of associates	904	1,868	2,096	2,765	4,107
Share of profit/loss of associates	80	-46	-20	-20	-20
Pretax Income	984	1,822	2,076	2,744	4,087
Income tax expense	147	460	516	659	981
Net profit	837	1,363	1,560	2,086	3,106
Adjusted Net profit	837	1,363	1,560	2,086	3,106
EPS (INR)	0.31	0.51	0.56	0.75	1.12
Adjusted EPS (INR)	0.31	0.51	0.56	0.75	1.12
No. of Shares (mn) - Diluted	2,676	2,678	2,782	2,782	2,782

Source: Company, KRChoksey Research

### Exhibit 2: Cash Flow Statement

INR Millions	FY22	FY23	FY24	FY25E	FY26E
Net Cash Generated From Operations	1,220	1,130	7,197	3,989	5,205
Net Cash Flow from/(used in) Investing Activities	-550	-885	-4,605	-270	-270
Net Cash Flow from Financing Activities	-358	367	1,781	-150	-139
Net Inc/Dec in cash equivalents	312	612	4,373	3,568	4,795
Opening Balance	1,774	2,088	2,700	7,073	10,642
Other Adjustments	3	0	0	0	0
Closing Balance Cash and Cash Equivalents	2,088	2,700	7,073	10,642	15,437

Source: Company, KRChoksey Research

### Exhibit 3: Key Ratio

Key Ratio	FY22	FY23	FY24	FY25E	FY26E
Tax rate (%)	14.9%	25.2%	24.9%	24.0%	24.0%
RoE (%)	2.8%	4.3%	4.5%	5.7%	7.9%
RoE (%) - Adj for Goodwill	6.3%	9.0%	8.6%	10.4%	13.5%
RoCE (%)	2.7%	3.6%	4.9%	6.0%	8.4%
Current Ratio (x)	1.37x	1.60x	1.39x	1.44x	1.49x
Book Value Per Share (INR)	11.05	11.82	12.43	13.13	14.19
OPM	6.4%	6.0%	5.8%	5.8%	6.9%
EBITDA Margin	11.2%	9.2%	8.0%	8.0%	8.5%
NPM	6.5%	6.9%	4.9%	5.2%	6.0%
Adj. NPM	6.5%	41.5%	4.9%	5.2%	6.0%

Source: Company, KRChoksey Research

## Infibeam Avenues Ltd

### Exhibit 4: Balance Sheet

INR Millions	FY22	FY23	FY24	FY25E	FY26E
Cash and Cash Equivalents	2,088	2,700	7,073	10,642	15,437
Other bank balances	7	24	7	7	7
Trade receivables	809	650	1,280	1,632	2,080
Investments	0	375	0	0	0
Loans	17	131	764	764	764
Other financial assets	2,068	2,633	3,423	3,423	3,423
Other current assets	5,712	6,029	8,094	10,320	13,158
<b>Total current assets</b>	<b>10,701</b>	<b>12,543</b>	<b>20,641</b>	<b>26,788</b>	<b>34,870</b>
<b>Non-current assets</b>					
PPE	2,104	1,876	1,793	1,617	1,416
Capital WIP	0	0	970	970	970
Goodwill, net	16,295	16,455	16,455	16,455	16,455
Intangible assets	2,406	3,029	2,938	2,468	2,098
Intangible assets under development	1,463	743	2,144	2,144	2,144
Investments	3,940	4,236	5,601	5,601	5,601
Other financial assets	206	469	269	269	269
Deferred tax assets (net)	1	0	0	0	0
Income tax assets (net)	1,043	865	462	462	462
Other non-current assets	386	751	775	989	1,260
<b>Total non-current assets</b>	<b>27,843</b>	<b>28,497</b>	<b>31,519</b>	<b>31,087</b>	<b>30,788</b>
<b>Total Assets</b>	<b>38,543</b>	<b>41,040</b>	<b>52,161</b>	<b>57,874</b>	<b>65,657</b>
<b>Liabilities and equity</b>					
Borrowings	2	0	11	0	0
Trade payables	392	148	257	328	418
Other financial liabilities	746	842	1,087	1,087	1,087
Other current liabilities	6,658	6,825	13,482	17,189	21,916
Provisions	18	19	26	26	26
Income tax liabilities	3	2	2	2	2
<b>Total current liabilities</b>	<b>7,819</b>	<b>7,835</b>	<b>14,865</b>	<b>18,632</b>	<b>23,448</b>
Long-Term Debt / Borrowings	0	0	706	706	706
Provisions and other financial liabilities	109	112	159	159	159
Deferred tax liabilities (net)	844	1,281	1,799	1,799	1,799
Non-current liabilities	223	148	74	74	74
<b>Total liabilities</b>	<b>8,995</b>	<b>9,376</b>	<b>17,603</b>	<b>21,370</b>	<b>26,187</b>
Share Capital	2,676	2,678	2,782	2,782	2,782
Other equity	26,903	28,977	31,792	33,738	36,705
<b>Total Equity holders of the company</b>	<b>29,579</b>	<b>31,655</b>	<b>34,574</b>	<b>36,520</b>	<b>39,487</b>
Non-controlling interests	-31	10	-17	-17	-17
<b>Total Equity</b>	<b>29,549</b>	<b>31,665</b>	<b>34,557</b>	<b>36,504</b>	<b>39,471</b>
<b>Total liabilities and equity</b>	<b>38,543</b>	<b>41,040</b>	<b>52,161</b>	<b>57,874</b>	<b>65,657</b>

Source: Company, KRChoksey Research

# Infibeam Avenues Ltd

Infibeam Avenues Ltd.			
Date	CMP (INR)	TP (INR)	Recommendation
22-May-24	32.1	37.6	BUY
30-Jan-24	34.9	41.7	BUY
28-Aug-23	14.0	28.0	BUY
30-May-23	15.0	28.0	BUY
22-Feb-23	15.5	28.0	BUY

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

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