

# One 97 Communications

BSE SENSEX

64,719

S&amp;P CNX

19,189

**CMP: INR868**
**TP: INR1,050 (+21%)**
**Buy**

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## Stock Info

Bloomberg	PAYTM IN
Equity Shares (m)	649
M.Cap.(INRb)/(USD\$)	550.5 / 6.7
52-Week Range (INR)	915 / 440
1, 6, 12 Rel. Per (%)	21/58/7
12M Avg Val (INR M)	3265

## Financials Snapshot (INR b)

Y/E Mar	FY23	FY24E	FY25E
Revenue	79.9	113.0	149.7
Cont. Profit	39.0	62.3	84.2
Adj. EBITDA	(1.8)	10.6	19.5
EBITDA	(16.3)	(4.0)	8.8
PAT	(17.8)	(7.6)	2.6
EPS (INR)	(28.0)	(11.8)	3.9
EPS Gr. (%)	(24.1)	(57.9)	NM

## Ratios (%)

Cont. Margin	48.8	55.1	56.2
EBITDA Margin *	(2.2)	9.4	13.0
EBITDA Margin	(20.4)	(3.5)	5.9
ROE (%)	(13.1)	(5.8)	2.0
ROA (%)	(9.9)	(4.3)	1.5

## Valuations

P/E(X)	(30.9)	(73.4)	NM
P/BV (X)	4.2	4.3	4.3
P/Sales (X)	6.9	4.9	3.8

\* Adj.

## Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	0.0	0.0	0.0
DII	63.5	68.0	1.1
FII	11.6	6.7	4.4
Others	25.0	25.3	94.5

FII Includes depository receipts

## Raising GMV & Disbursement projections by 4-21%

### On track to achieve EBITDA breakeven in 2HFY25; reiterate Buy

- Paytm's stock has delivered healthy returns of 34%, since we initiated coverage in Apr'23. The lending business has demonstrated robust traction in loan disbursements with the total number of loans disbursed surging 4.6x YoY in FY23 (4.4x in FY22).
- Business momentum remains robust with gross merchandise value (GMV) growing 35% YoY to INR2.65t during Apr-May'23 (55% YoY growth in FY23).
- The company maintains quarterly merchant addition run-rate of 1m+ with the total number of devices deployed surging to 7.5m in May'23 (118% YoY growth). The sustained growth in the deployment of devices will enable robust transaction volumes and drive healthy growth in merchant and consumer loans.
- We note that from an annualized 1QFY23 run-rate of INR222b value of loans, the company has reached an annualized run-rate of ~INR600b in Apr-May'23, and the same is tracking higher than our estimates. Merchant loans also improved in May'23 after a drag in Apr'23, due to technology system upgrade at one of the leading partners.
- We believe that after reporting adjusted EBITDA breakeven in 3QFY23, almost a year ahead of its guidance, Paytm is on track to report EBITDA breakeven in 2HFY25. We raise our FY25E GMV and Disbursement estimates by 5% and 21%, respectively, and estimate the mix of Financial revenue to increase to 32% by FY25 from 19% in FY23.
- We estimate adjusted EBITDA, EBITDA, and Contribution margin of 13%, 5.9%, and ~56% by FY25. We thus revise our TP to INR1,050, based on a FY28E EV/EBITDA multiple of 16x (implied 4.7x FY25E P/Sales). We reiterate our BUY rating on the stock.

## Payment business posting healthy growth; 1m devices added quarterly

Paytm has reported a healthy 55% CAGR in its GMV over FY19-23. GMV remained strong in FY24 as well and grew to INR2.65t (+35% YoY) in the two-month ended May'23. With the increasing use cases, growing merchant and consumer base, and rising penetration, we expect GMV to report a healthy 32% CAGR over FY23-25. Paytm also posted a steady growth in MTUs to ~92m for Apr'23-May'23, while the number of subscription payment devices rose to 7.5m during the same period. As the penetration among merchants remains low, we expect the traction to sustain with a quarterly addition of ~1.0m devices. We forecast the payment revenue to thus clock a healthy 26% CAGR over FY23-25.

## Financial revenue to grow exponentially; mix to improve to 32% by FY25

The profitability of Paytm's core payment business is further enhanced by its financial services division, which benefits from inherently higher contribution margin. The mix of financial services revenue has increased to 19% in FY23 from only 4% in FY19. With faster growth in GMV, merchant acquisition and cross-sell rate, we estimate Paytm's financial revenue to record 75% CAGR over FY23-25 with the mix reaching ~32% by FY25.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Disbursements to surpass INR1t in FY25E; estimate 80% CAGR over FY23-25**

Paytm's lending business has demonstrated a robust traction in loan disbursements with the total number of loans disbursed surging 4.6x YoY in FY23 (4.4x in FY22). We note that the total number of unique borrowers (who have taken a loan through Paytm) increased 1.4m QoQ to 9.5m in 4QFY23. Financial penetration for Paytm remains lower at 0.9-5.9% of MTU, and thus, there remains significant headroom for growth, given the large customer and merchant bases. We note that from an annualized 1QFY23 run-rate of INR222b value of loans, the company has reached an annualized run-rate of ~INR600b in Apr-May'23. Merchant loans also improved in May'23 after a drag in Apr'23, due to technology system upgrade at one of the leading partners. Paytm is looking to add more lending partners in FY24, which will help absorb the flow that it is capable of originating via its platform. We forecast disbursements to register a CAGR of 80% over FY23-25, thus reaching INR1.1t in FY25E.

**Operating leverage to aid profitability; contribution margin to expand to 56%**

Paytm has seen moderation in payment processing charges, marketing activities, and promotional expenses over the recent years. Hence, direct expenses have moderated to ~51% of revenue in FY23 from 162% in FY19. Similarly, indirect expenses have moderated to ~51% of revenue from 69% in FY19. While Paytm will continue to invest in growth and merchant base expansion, the improvement in operating leverage will nevertheless aid profitability. The company has reported a healthy expansion in contribution margin to 48.8% in FY23 from 30.1% in FY22, driven by a rising mix of financial revenue. Based on the consistent growth in merchants utilizing subscription devices and a robust disbursement run-rate, we estimate that the contribution profit of the company is expected to achieve a CAGR of 47% over FY23-25, with margins improving to 56% by FY25.

**RBI has recently allowed FLDG; approvals for PPBL & PPSL to further endorse faith in operations**

In March'23, Paytm was granted an extension by the RBI for its payment aggregator license application. As a result, Paytm can continue offering all payment services to its existing customers. However, during this period, it cannot onboard new online merchants. Furthermore, the company is currently awaiting regulatory approvals to onboard new customers for Paytm Payments Bank. The company is already implementing the recommendations provided by the IT auditor, as suggested by the RBI. Additionally, Paytm has appointed Mr. Surinder Chawla as MD & CEO, post RBI's approval. We believe that with the recent Digital Lending Guidelines wherein RBI approved FLDG up to 5% has acknowledged the role of Fintechs in the financial ecosystem. Any pending approvals to Paytm which is the largest listed Fintech will further endorse faith in its business operations and augment growth opportunities.

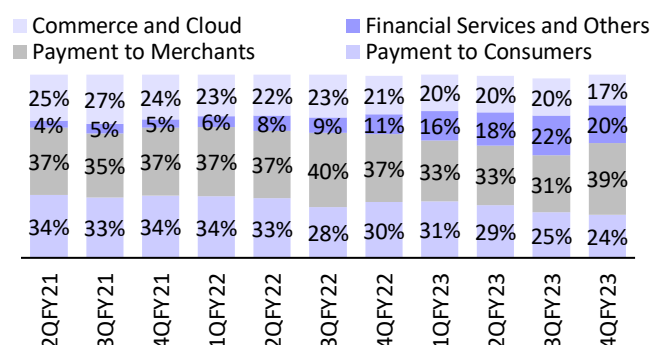
**Valuation & View: Reiterate BUY with revised TP of INR1,050**

We believe that constant improvement in contribution margin and operating leverage will continue to drive Paytm's operating profitability. We believe that after reporting adjusted EBITDA breakeven, almost a year ahead of its guidance, Paytm is on track to report EBITDA breakeven in 2HFY25. We raise our FY25E GMV and Disbursement estimates by 5% and 21%, respectively, and estimate the mix of Financial revenue to increase to 32% by FY25E from 19% in FY23. We thus estimate

revenue/contribution profit to register a CAGR of 31%/36% over FY23-28, while Adjusted EBITDA/EBITDA margin improves to 13%/5.9%, respectively, by FY25. We revise our TP to INR1,050 based on 16x FY28E EV/EBITDA and discount the same to FY25E, with a discount rate of ~15%. Our fair value corresponds to 4.7x FY25E P/Sales. We thus reiterate our BUY rating on the stock. Ability to maintain strong portfolio quality amid rapid disbursement growth, supply overhang from some of the large shareholders, and evolving regulatory environment adversely affecting Fintechs remain the key risks to our call.

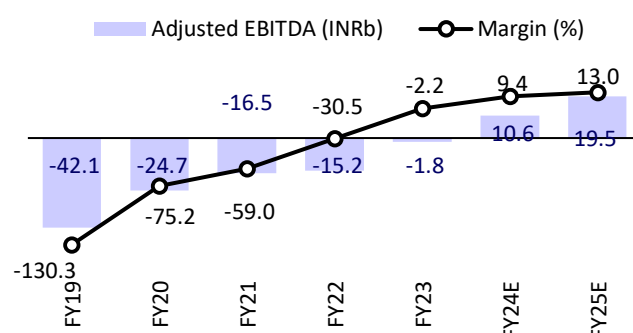
## Story in charts

**Exhibit 1: Payment and Financial services revenue forms 83% of the total revenue**



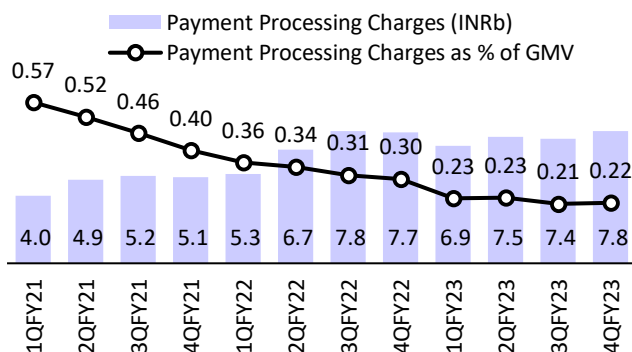
Source: MOFSL, Company

**Exhibit 2: Adjusted EBITDA to increase to INR19.5b in FY25; to achieve EBITDA breakeven by FY25**



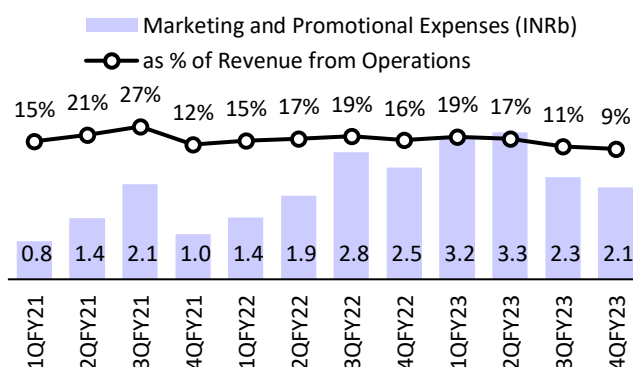
Source: MOFSL, Company

**Exhibit 3: Payment processing charges forms 0.22% of GMV**



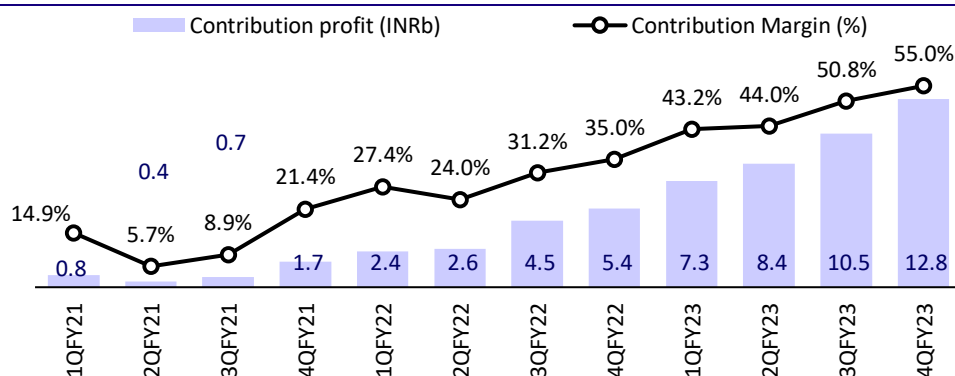
Source: MOFSL, Company

**Exhibit 4: Marketing expenses moderated to 9% of revenues**



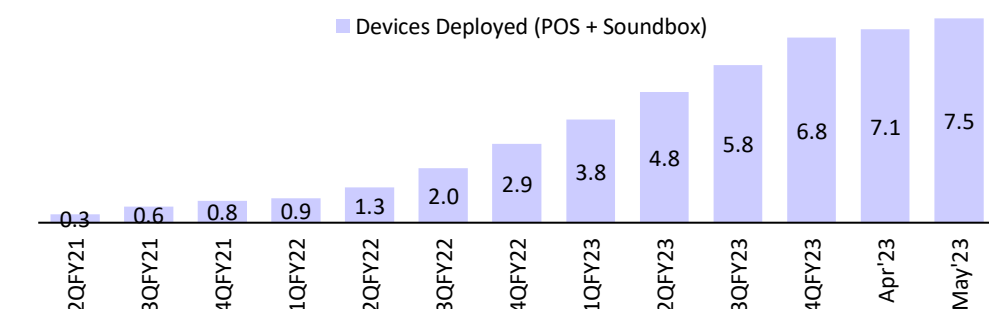
Source: MOFSL, Company

**Exhibit 5: Contribution margin improved to 55% in 4QFY23 (52% ex of UPI incentive) vs 51% in 3QFY23**

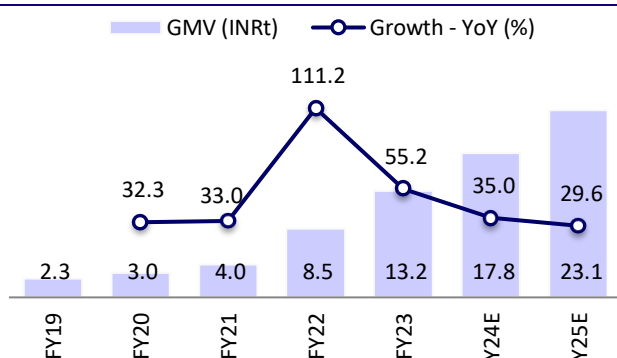


**Exhibit 6: Devices deployed rose to 7.5m as of May'23**

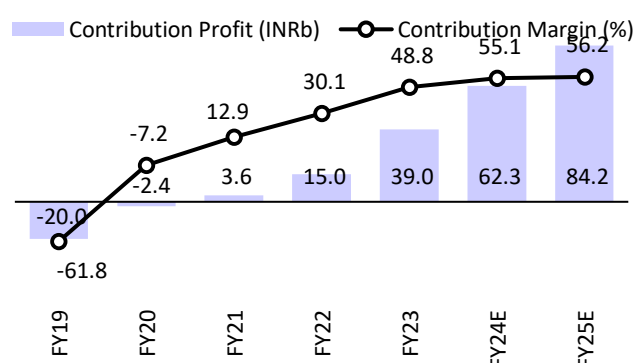
PAYTM has added ~0.4m devices in May'23



Source: MOSL, Company

**Exhibit 7: GMV to register a healthy CAGR of ~32% over FY23-25**

Source: MOFSL, Company

**Exhibit 8: Contribution margin to expand to 56% by FY25**

Source: MOFSL, Company

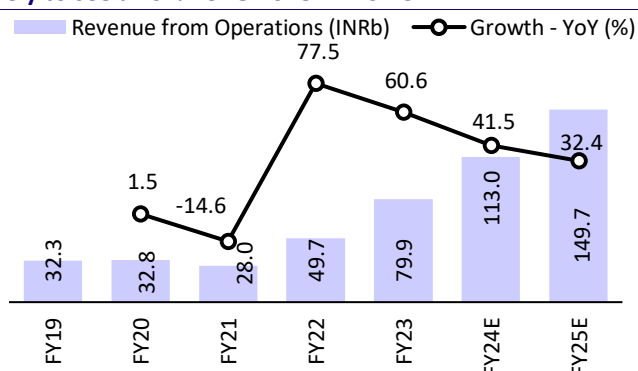
**Exhibit 9: Key changes to our estimates**

INR b	Old Estimates		New Estimates		Change (%/bps)	
	FY24	FY25	FY24	FY25	FY24	FY25
Payment and Financial Services	88.3	112.7	93.2	125.2	5.5	11.1
Commerce and Cloud Services	18.8	22.8	18.8	23.2	0.0	1.8
<b>Revenue from Operations</b>	<b>108.1</b>	<b>136.8</b>	<b>113.0</b>	<b>149.7</b>	<b>4.6</b>	<b>9.5</b>
Direct Expenses	47.8	59.0	50.8	65.5	6.2	11.1
<b>Contribution Profit</b>	<b>60.3</b>	<b>77.8</b>	<b>62.3</b>	<b>84.2</b>	<b>3.3</b>	<b>8.2</b>
Indirect Expenses	50.7	61.8	51.6	64.7	1.9	4.6
<b>Adjusted EBITDA</b>	<b>9.6</b>	<b>16.0</b>	<b>10.6</b>	<b>19.5</b>	<b>10.4</b>	<b>22.3</b>
<b>EBITDA</b>	<b>-5.0</b>	<b>5.2</b>	<b>-4.0</b>	<b>8.8</b>	<b>-20.1</b>	<b>67.7</b>
<b>PBT</b>	<b>-6.6</b>	<b>2.4</b>	<b>-7.0</b>	<b>2.9</b>	<b>5.4</b>	<b>21.3</b>
Tax	0.4	0.2	0.4	0.2	5.3	22.9
<b>PAT</b>	<b>-7.2</b>	<b>2.1</b>	<b>-7.6</b>	<b>2.6</b>	<b>5.3</b>	<b>22.9</b>
GMV (INRt)	17.2	22.0	17.8	23.1	3.8	5.1
Disbursements	655	949	743	1,152	13.5	21.3
Contribution Margin (%)	55.8	56.9	55.1	56.2	-68	-65
Adjusted EBITDA Margin (%)	8.9	11.7	9.4	13.0	49	136
EBITDA Margin (%)	-4.6	3.8	-3.5	5.9	108	204
PAT Margin (%)	-6.6	1.5	-6.7	1.7	-5	19

## Valuation and View

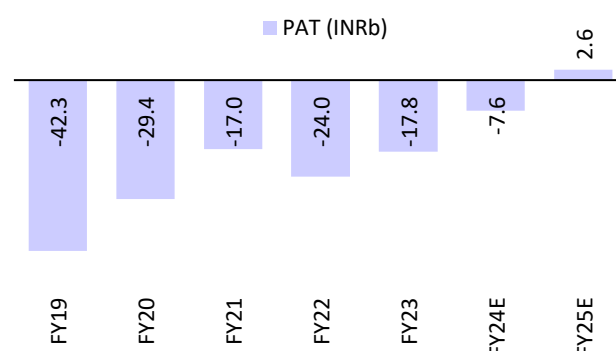
- Paytm has reported a healthy 55% CAGR in its GMV over FY19-23. GMV remained strong in FY24 as well and grew to INR2.65t (+35% YoY) in the two month ended May'23. With increasing use cases, growing merchant & consumer base and rising penetration, we expect GMV to report a healthy 32% CAGR over FY23-25. Paytm also posted a steady growth in MTUs to ~92m for Apr'23-May'23, while the number of subscription payment devices rose to 7.5m during the same period. As the penetration among merchants remains low, we expect the traction to sustain with a quarterly addition of ~1.0m devices. We forecast the payment revenue to thus clock a healthy 26% CAGR over FY23-25.
- Paytm's financial business further augments the profitability of core payment business due to inherently higher contribution margin. The mix of financial services revenue has increased to 19% in FY23 from only 4% in FY19. With faster growth in GMV, merchant acquisition and cross-sell rate, we estimate Paytm's financial revenue to record 75% CAGR over FY23-25 with the mix reaching ~32% by FY25.
- Paytm's lending business has demonstrated a robust traction in loan disbursements with the total number of loans disbursed surging 4.6x YoY in FY23 (4.4x in FY22). We note that the total number of unique borrowers (who have taken a loan through Paytm) increased 1.4m QoQ to 9.5m in 4QFY23. Financial penetration for Paytm remains lower at 0.9-5.9% of MTU, and thus, there remains significant headroom for growth, given the large customer and merchant bases. We note that from an annualized 1QFY23 run-rate of INR222b value of loans, the company has reached an annualized run-rate of ~INR600b in Apr-May'23. Merchant loans also improved in May'23 after a drag in Apr'23 due to technology system upgrade at one of the leading partners. Paytm is looking to add more lending partners in FY24, which will help absorb the flow that it is capable of originating via its platform. We forecast disbursements to register a CAGR of 80% over FY23-25, thus reaching INR1.1t in FY25.

**Exhibit 10: Revenue from operations to remain buoyant; likely to see a ~37% CAGR over FY23-25**



Source: MOFSL, Company

**Exhibit 11: We estimate Paytm to achieve profitability by 2HFY25; estimate a PAT of INR2.6b in FY25**



Source: MOFSL, Company

- We believe that constant improvement in contribution margin and operating leverage will continue to drive Paytm's operating profitability. We believe that after reporting adjusted EBITDA breakeven almost a year ahead of its guidance, Paytm is on track to report EBITDA breakeven in 2HFY25E.

We raise our FY25E GMV and Disbursement estimates by 5% and 21%, respectively, and estimate the mix of Financial revenue to increase to 32% by FY25 from 19% in FY23. We thus estimate revenue/contribution profit to register a CAGR of 31%/36% over FY23-28, while Adjusted EBITDA/EBITDA margin improves to 13%/5.9%, respectively, by FY25E. We **revise our TP to INR1,050 based on 16x FY28E EV/EBITDA** and discount the same to FY25E, with a discount rate of ~15%. Our fair value corresponds to 4.7x FY25E P/Sales. **We thus reiterate our BUY rating on the stock.**

**Exhibit 12: We estimate 31% revenue CAGR over FY23-28E and EBITDA of INR60.4b (~19% margin) by FY28E**

INR b	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	CAGR over FY23-28E
Payment and Financial Services	63.8	93.2	125.2	166.3	213.6	267.5	33%
Commerce and Cloud Services	15.2	18.8	23.2	28.4	34.3	41.2	22%
<b>Revenue from Operations</b>	<b>79.9</b>	<b>113.0</b>	<b>149.7</b>	<b>196.3</b>	<b>249.9</b>	<b>311.1</b>	<b>31%</b>
Direct Expenses	40.9	50.8	65.5	83.2	103.2	126.6	25%
Indirect Expenses	40.8	51.6	64.7	80.3	99.4	123.2	25%
<b>Contribution Profit</b>	<b>39.0</b>	<b>62.3</b>	<b>84.2</b>	<b>113.1</b>	<b>146.7</b>	<b>184.5</b>	<b>36%</b>
<b>Contribution Margin (%)</b>	<b>48.8</b>	<b>55.1</b>	<b>56.2</b>	<b>57.6</b>	<b>58.7</b>	<b>59.3</b>	
<b>EBITDA</b>	<b>-16.3</b>	<b>-4.0</b>	<b>8.8</b>	<b>27.9</b>	<b>45.2</b>	<b>60.4</b>	<b>90%*</b>
<b>EBITDA Margin (%)</b>	<b>-20.4</b>	<b>-3.5</b>	<b>5.9</b>	<b>14.2</b>	<b>18.1</b>	<b>19.4</b>	
<b>PAT</b>	<b>-17.8</b>	<b>-7.6</b>	<b>2.6</b>	<b>16.8</b>	<b>27.3</b>	<b>34.1</b>	<b>137%*</b>

\*CAGR over FY25-28

Source: MOFSL, Company

**Exhibit 13: We value the stock at INR1,050 based on 16x FY28E EV/EBITDA**

Valuation	INR b
EBITDA – FY28E	60.4
12 month forward multiple	16
<b>EV Value – FY28</b>	<b>960.4</b>
Discount Rate (%)	15.0%
Period to Discount (Years)	3.0
<b>Discounted EV - FY25E</b>	<b>627.3</b>
Cash - FY25E	79.1
<b>Market Value</b>	<b>706.4</b>
Diluted no of equity shares (m)	673.0
<b>Target Price</b>	<b>1,050</b>
CMP	842
<b>Upside (%)</b>	<b>25%</b>
P/Sales - FY25E	4.7

Source: MOFSL, Company



## Financials and valuations

Income Statement							(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Payment Services to Consumers	10,851	10,120	9,692	15,286	21,050	25,164	31,456
Payment Services to Merchants	4,860	7,658	10,116	18,919	27,390	35,976	45,889
Financial Services and Others	1,244	1,290	1,284	4,372	15,400	32,011	47,832
<b>Payment and Financial Services</b>	<b>16,955</b>	<b>19,068</b>	<b>21,092</b>	<b>38,577</b>	<b>63,840</b>	<b>93,152</b>	<b>1,25,177</b>
Growth (%)	NM	12.5	10.6	82.9	65.5	45.9	34.4
Commerce	11,915	7,109	2,452	3,736	6,150	7,688	9,533
Cloud	3,450	4,079	4,480	7,312	9,050	11,132	13,692
<b>Commerce and Cloud Services</b>	<b>15,365</b>	<b>11,188</b>	<b>6,932</b>	<b>11,048</b>	<b>15,200</b>	<b>18,819</b>	<b>23,224</b>
Growth (%)	NM	-27.2	-38.0	59.4	37.6	23.8	23.4
Other Operating Revenue	-	2,552	-	117	860	1,075	1,322
<b>Revenue from Operations</b>	<b>32,320</b>	<b>32,808</b>	<b>28,024</b>	<b>49,742</b>	<b>79,900</b>	<b>1,13,046</b>	<b>1,49,724</b>
Growth (%)	NM	1.5	-14.6	77.5	60.6	41.5	32.4
Payment processing charges	22,574	22,659	19,168	27,538	29,580	35,694	45,334
Promotional cash back & incentives	27,937	9,592	2,357	3,781	5,020	6,246	7,864
Other Expenses	1,789	2,935	2,874	3,442	6,300	8,820	12,348
<b>Direct Expenses</b>	<b>52,300</b>	<b>35,186</b>	<b>24,399</b>	<b>34,761</b>	<b>40,900</b>	<b>50,760</b>	<b>65,546</b>
Growth (%)	NM	-32.7	-30.7	42.5	17.7	24.1	29.1
<b>Contribution Profit</b>	<b>-19,980</b>	<b>-2,378</b>	<b>3,625</b>	<b>14,981</b>	<b>39,000</b>	<b>62,285</b>	<b>84,178</b>
Growth (%)	NM	-88.1	-252.4	313.3	160.3	59.7	35.1
Marketing	6,146	4,379	2,968	4,773	5,740	7,122	9,283
Employee cost (Ex ESOPs)	7,016	9,532	10,724	16,226	23,230	30,199	38,051
Software, cloud and data center	3,096	3,603	3,498	4,999	6,940	8,606	10,585
Other indirect expenses	5,877	4,791	2,983	4,160	4,850	5,723	6,753
<b>Indirect Expenses</b>	<b>22,135</b>	<b>22,305</b>	<b>20,173</b>	<b>30,158</b>	<b>40,760</b>	<b>51,649</b>	<b>64,672</b>
Growth (%)	NM	0.8	-9.6	49.5	35.2	26.7	25.2
<b>Adjusted EBITDA</b>	<b>-42,115</b>	<b>-24,683</b>	<b>-16,548</b>	<b>-15,177</b>	<b>-1,760</b>	<b>10,636</b>	<b>19,506</b>
Growth (%)	NM	-41.4	-33.0	-8.3	-88.4	-704.3	83.4
ESOP Expense	1,546	1,661	1,125	8,093	14,560	14,610	10,710
<b>EBITDA</b>	<b>-43,661</b>	<b>-26,344</b>	<b>-17,673</b>	<b>-23,270</b>	<b>-16,320</b>	<b>-3,974</b>	<b>8,796</b>
Growth (%)	NM	-39.7	-32.9	31.7	-29.9	-75.6	-321.3
Finance Costs	342	485	348	394	230	265	304
Depreciation and Amortization Expenses	1,116	1,745	1,785	2,473	4,850	8,003	12,004
Other Income	3,477	2,599	3,844	2,901	4,100	5,248	6,455
<b>PBT</b>	<b>-41,642</b>	<b>-25,975</b>	<b>-15,962</b>	<b>-23,368</b>	<b>-17,300</b>	<b>-6,993</b>	<b>2,943</b>
Share of (profit)/loss of associates/JV	-146	560	740	459	130	146	166
Exceptional items	825	3,047	281	24	0	0	0
Tax	-65	-158	27	113	336	428	222
<b>PAT</b>	<b>-42,256</b>	<b>-29,424</b>	<b>-17,010</b>	<b>-23,964</b>	<b>-17,766</b>	<b>-7,567</b>	<b>2,555</b>
Growth (%)	NM	-30.4	-42.2	40.9	-25.9	-57.4	-133.8

### Balance Sheet

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Share Capital	575	604	605	649	634	642	652
Reserves & Surplus	56,812	80,448	64,743	140,867	129,522	1,28,765	1,30,043
Non-Controlling Interest	862	-140	-186	-221	-227	-250	-275
<b>Net Worth</b>	<b>58,249</b>	<b>80,912</b>	<b>65,162</b>	<b>141,295</b>	<b>129,929</b>	<b>1,29,158</b>	<b>1,30,420</b>
Non-Current Liabilities	705	6,017	5,229	6,119	6,435	2,485	2,610
Current Liabilities	26,867	16,102	21,122	32,502	43,294	40,778	39,242
<b>Total Liabilities</b>	<b>85,820</b>	<b>103,031</b>	<b>91,513</b>	<b>179,916</b>	<b>179,658</b>	<b>1,72,421</b>	<b>1,72,272</b>
Fixed Assets	7,064	6,082	5,149	9,259	12,202	12,812	13,453
Investments in JV/Associates	2,002	2,468	2,317	2,233	2,518	-	-
Investments	1,511	3,038	341	10,062	13,247	17,342	19,076
Other Non-Current Assets	8,552	26,358	8,533	48,394	8,655	10,000	11,240
<b>Non-Current Assets</b>	<b>19,129</b>	<b>37,947</b>	<b>16,340</b>	<b>69,948</b>	<b>36,622</b>	<b>40,153</b>	<b>43,768</b>
Investments	24,979	31,895	1,472	-	11,206	11,206	11,206
Cash and Bank Balances	4,612	5,401	28,764	52,020	70,395	52,796	42,237
Other Current Assets	37,100	27,788	44,937	57,948	61,435	68,265	75,061
<b>Current Assets</b>	<b>66,691</b>	<b>65,084</b>	<b>75,173</b>	<b>109,968</b>	<b>143,036</b>	<b>1,32,267</b>	<b>1,28,504</b>
<b>Total Assets</b>	<b>85,820</b>	<b>103,031</b>	<b>91,513</b>	<b>179,916</b>	<b>179,658</b>	<b>1,72,421</b>	<b>1,72,272</b>

## Financials and valuations

### Key Operating Metrics

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
GMV (INR b)	2,292	3,032	4,033	8,516	13,220	17,847	23,130
Disbursements (INR b)	NA	NA	14	76	354	743	1,152
Net Payment Margins (INR m)	-6,863	-4,881	640	6,667	19,719	15,710	17,513
<b>Revenue from Operations Mix (%)</b>							
Payment Services to Consumers	34%	31%	35%	31%	27%	23%	22%
Payment Services to Merchants	15%	23%	36%	38%	34%	32%	31%
Financial Services and Others	4%	4%	5%	9%	19%	28%	32%
<b>Payment and Financial Services</b>	<b>52%</b>	<b>58%</b>	<b>75%</b>	<b>78%</b>	<b>81%</b>	<b>83%</b>	<b>84%</b>
Commerce	37%	29%	9%	8%	8%	7%	6%
Cloud	11%	12%	16%	15%	11%	10%	9%
<b>Commerce and Cloud Services</b>	<b>48%</b>	<b>42%</b>	<b>25%</b>	<b>22%</b>	<b>19%</b>	<b>17%</b>	<b>16%</b>

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Payment Services to Consumers % of GMV	0.47	0.33	0.24	0.18	0.16	0.14	0.14
Payment Services to Merchants % of GMV	0.21	0.25	0.25	0.22	0.21	0.20	0.20
Take rates - Financial Services (%)	NA	NA	9.1	5.7	4.4	4.3	4.2
Payment processing charges % of GMV	0.98	0.75	0.48	0.32	0.22	0.20	0.20
Net Payment Margin (%)	-0.30	-0.16	0.02	0.08	0.15	0.09	0.08
Direct Expense % of Revenues	161.8	107.2	87.1	69.9	51.2	44.9	43.8
Contribution Margin	-61.8	-7.2	12.9	30.1	48.8	55.1	56.2
Indirect Expense % of Revenues	68.5	68.0	72.0	60.6	51.0	45.7	43.2
Adjusted EBITDA Margin (%)	-130.3	-75.2	-59.0	-30.5	-2.2	9.4	13.0
EBITDA Margin (%)	-135.1	-80.3	-63.1	-46.8	-20.4	-3.5	5.9
PAT Margin (%)	-130.7	-89.7	-60.7	-48.2	-22.2	-6.7	1.7

### Valuation

RoE	-62.9	-42.3	-23.3	-23.2	-13.1	-5.8	2.0
RoA	-49.0	-31.2	-17.5	-17.7	-9.9	-4.3	1.5
Sales per share (INR)	56	54	46	77	126	176	230
Growth (%)	NM	-3.4	-14.7	65.5	64.4	39.7	30.4
<b>Price-Sales (x)</b>	<b>12.3</b>	<b>12.7</b>	<b>14.9</b>	<b>9.0</b>	<b>5.5</b>	<b>4.8</b>	<b>3.7</b>
Book Value per share (INR)	101	134	108	218	205	201	200
Growth (%)	NM	32.2	-19.6	102.1	-5.9	-1.8	-0.6
<b>Price-BV (x)</b>	<b>6.8</b>	<b>5.1</b>	<b>6.4</b>	<b>3.2</b>	<b>3.4</b>	<b>4.2</b>	<b>4.2</b>
EBITDA per share (INR)	-76	-44	-29	-36	-26	-6	13
<b>Price-EBITDA (x)</b>	<b>-9.1</b>	<b>-15.8</b>	<b>-23.6</b>	<b>-19.2</b>	<b>-26.8</b>	<b>-136.0</b>	<b>62.4</b>
EPS (INR)	-73.5	-48.7	-28.1	-36.9	-28.0	-11.8	3.9
Growth (%)	NM	-33.7	-42.3	31.3	-24.1	-57.9	-133.2
<b>Price-Earnings (x)</b>	<b>-9.4</b>	<b>-14.2</b>	<b>-24.5</b>	<b>-18.7</b>	<b>-24.6</b>	<b>-71.4</b>	<b>214.9</b>



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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