MOTILAL OSWAL
FINANCIAL SERVICES

20 January 2025
3QFY25 Results Update | Sector: Financials

One 97 Communications

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	PAYTM IN
Equity Shares (m)	637
M.Cap.(INRb)/(USDb)	572.9 / 6.6
52-Week Range (INR)	1063 / 310
1, 6, 12 Rel. Per (%)	-4/101/6
12M Avg Val (INR M)	5551

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Revenue from Op	99.8	72.3	94.2
Contribution Profit	55.4	41.1	55.3
Adjusted EBITDA	5.6	(4.9)	3.4
EBITDA	(9.1)	(14.3)	(2.2)
PAT	(14.1)	(1.5)	(2.2)
EPS (INR)	(22.2)	(2.4)	(3.4)
EPS Gr. (%)	(20.8)	NM	NM
Ratios			
Contribution Margin (%)	55.5	56.9	58.7
EBITDA Margin (%)	(9.1)	(19.8)	(2.4)
Adj. EBITDA Margin (%)	5.6	(6.7)	3.7
RoE (%)	(10.7)	(1.1)	(1.7)
RoA (%)	(8.0)	(0.8)	(1.0)
Valuations			
P/E(X)	NA	NA	NA
P/BV (X)	4.3	4.4	4.5
P/Sales (X)	5.7	8.0	6.3

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	0.0	0.0	0.0
DII	11.9	8.5	6.1
FII	56.2	55.5	63.7
Others	31.9	36.0	30.2

FII Includes depository receipts

CMP: INR899 TP: INR950 (+6%) NEUTRAL

Revenue, GMV in line; on path to turn EBITDA +ve by FY27

Contribution margin misses estimates amid higher DLG cost

- One 97 Comm. (PAYTM) reported a net loss of INR2.1b, lower than our estimated loss of INR3.6b due to better revenues and lower indirect and ESOP cost. Revenue from payments rose 6% QoQ to INR10b, while revenue from financial services grew 34% QoQ to INR5b, aided by DLG loans, which have better revenues.
- Total revenue thus grew 10% QoQ to INR18.3b (largely in line), while GMV stood at INR5.04t (in line, 13% QoQ). Subscription revenue improved owing to an increase in merchants and revenue per merchant, while disbursements rose 6% QoQ from the lows of 1Q (down 64% YoY).
- Net payment margin grew 5% QoQ (down 35% YoY) to INR4.9b (10bp of GMV vs. 10bp in 2QFY25), while contribution margin declined to 52.5% amid higher direct expenses (owing to DLG cost) and higher payment processing charges.
- We largely maintain our contribution profit estimates. We estimate PAYTM to turn EBITDA positive by FY27. **We value PAYTM at INR950, based on 18x FY30E EBITDA discounted to FY26E, which corresponds to 6.1x FY26E sales. We retain NEUTRAL rating on the stock.**

Adjusted EBITDA to break even by 4QFY25E; merchant expansion on track

- PAYTM reported a net loss of INR2.1b (vs. our est. of loss of INR3.6b). GMV broadly stood in line at INR5.04t, while disbursements grew 6%, of which DLG loans disbursements jumped 157% QoQ.
- During 9MFY25, PAYTM posted a net loss of INR1.2b (incl. exceptional gains in 2Q). We expect the loss to narrow to INR0.3b in 4QFY25.
- Total revenue rose 10% QoQ (down 36% YoY) to INR18.3b (largely in line), supported by healthy growth in both payment and financial services revenue.
- Revenue from payment and financial services improved 14% QoQ (-34% YoY) to INR15.1b, while revenue from financial services grew 34% QoQ (-17% YoY), aided by DLG loans, which have better revenue.
- Revenue from marketing services (erstwhile commerce and cloud) fell 48% YoY to INR2.7b, while no. of credit cards grew only 1% QoQ to 1.39m as card issuers are cautious, which is evident from slower growth in the industry.
- The company expects payment processing margin to settle in the range of 5-6bp. Net payment margin improved by 5% QoQ to INR4.89b. As the DLG model continues to gain traction, leading to healthy disbursement growth, overall take rates are expected to further improve.
- Direct expenses declined 35% YoY (up 13% QoQ) as expenses related to DLG increased, while employee cost and ESOP cost reduced, as it aim to focus on merchant acquisition and improving productivity of sales employees. Contribution profit stood at INR9.6b, with contribution margin at 52.5%. Adjusted EBITDA loss declined to INR0.4b and net loss stood at INR2.1b.

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Highlights from the management commentary

- Expects contribution margin, excluding UPI incentives, to remain in the 50-55% range, and including UPI incentives, it is expected to be in the 55-60% range.
- Continues to see increased interest from lenders to partner using the DLG model for both merchant and personal loans, which will help to increase disbursements with the existing partners and expand partnership with new lenders. About 80% of merchant loans came from the DLG model.
- ECL has come down to 4.5% to 5.0% due to improvement in collection efficiency. and earlier there was elevated churn on merchant which has also led to more ECL earlier.
- Merchant loans distribution continues to see strong growth, with a significant proportion of merchant loans distributed under the DLG model. More than 50% of loans distributed are to repeat borrowers.

Valuation and view

- PAYTM continues to witness an improvement in its business metrics. Disbursements have started to recover and are off the lows of 1Q. GMV improves at a steady rate.
- Most of the business metrics continue to improve. We expect that steady business recovery should lead to a 29% revenue CAGR over FY25-27E.
- Contribution margin declined slightly to 52.5% vs. 53.9% in 2QFY25, amid an increase in direct expenses relating to DLG. Management expects contribution margins to remain healthy, led by cost control and steady growth in merchant financial business.
- We estimate a 29% CAGR in disbursements over FY25-27E, while the take rates should be healthy as the company now forays into DLG arrangements. Payment processing margins are expected to moderate to 5-6bp vs. the historical rate of 7-9bp, primarily due to the discontinuation of more profitable products.
- We largely maintain our contribution profit estimates for FY25/FY26. We estimate PAYTM to turn EBITDA positive by FY27. **We value PAYTM at INR950, based on 18x FY30E EBITDA discounted to FY26E, which corresponds to 6.1x FY26E sales. We retain NEUTRAL rating on the stock.**

Quarterly Performance (INR b)

	FY24				FY25E				FY24	FY25E	FY25E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Est
Payment and Financial Services	**19.2**	**20.7**	**22.9**	**18.6**	**11.6**	**13.2**	**15.1**	**19.1**	**81.3**	**59.0**	**14.8**	**0.0**
% Change (Y-o-Y)	42.4	36.1	43.0	-3.0	-39.3	-36.2	-34.2	2.7	27.4	-27.4	-35.2	-0.0
Commerce and Cloud Services	**4.1**	**4.2**	**5.1**	**4.0**	**3.2**	**3.0**	**2.7**	**3.1**	**17.4**	**12.0**	**2.8**	**-0.0**
% Change (Y-o-Y)	22.0	12.5	22.4	0.5	-20.7	-28.8	-48.1	-21.6	14.4	-31.0	-45.4	0.1
Revenue from Operations	**23.4**	**25.2**	**28.5**	**22.7**	**15.0**	**16.6**	**18.3**	**22.4**	**99.8**	**72.3**	**18.0**	**0.0**
% Change (Y-o-Y)	39.3	31.6	38.2	-2.9	-35.9	-34.1	-35.9	-1.1	24.9	-27.5	-36.9	-0.0
Direct Expenses	10.4	10.9	13.3	9.8	7.5	7.7	8.7	7.4	44.4	31.2	7.8	0.1
Contribution Profit	**13.0**	**14.3**	**15.2**	**12.9**	**7.5**	**8.9**	**9.6**	**15.1**	**55.4**	**41.1**	**10.2**	**-0.1**
% Change (Y-o-Y)	79.3	69.2	45.1	0.4	-42.1	-37.3	-36.9	17.0	42.0	-25.7	-33.0	0.1
Indirect Expenses	12.2	12.7	13.0	11.9	13.0	10.8	10.0	12.2	49.8	46.0	11.0	-0.1
Adjusted EBITDA	**0.8**	**1.5**	**2.2**	**1.0**	**-5.5**	**-1.9**	**-0.4**	**2.9**	**5.6**	**-4.9**	**-0.8**	**-0.5**
EBITDA	**-2.9**	**-2.3**	**-1.6**	**-2.2**	**-7.9**	**-4.0**	**-2.2**	**-0.1**	**-9.1**	**-14.3**	**-3.5**	**-0.4**
PAT	**-3.6**	**-2.9**	**-2.2**	**-5.5**	**-8.4**	**-4.2**	**-2.1**	**-0.3**	**-14.1**	**-1.5**	**-3.6**	**-0.4**
% Change (Y-o-Y)	-44.5	-49.9	-43.9	227.1	134.7	45.5	-5.5	-94.0	-20.6	-89.2	61.9	-1.1
Adj. PAT	**-3.6**	**-2.9**	**-2.2**	**-3.2**	**-8.4**	**9.3**	**-2.1**	**-0.3**			**-3.6**	
Operating Parameters												
GMV (INRt)	4.1	4.5	5.1	4.7	4.3	4.5	5.0	5.1	18.3	18.8	4.9	0.0
Disbursements (INR b)	148.5	162.1	155.4	58.0	50.1	52.8	55.8	77.0	523.7	235.7	60.2	-0.1
GMV Growth (%)	36.8	41.5	47.4	29.6	5.2	-0.7	-1.2	8.3	38.4	3.0	-3.6	
Disbursements Growth (%)	167.3	121.7	56.0	-53.8	-66.3	-67.4	-64.1	32.8	48.0	-55.0	-61.3	
Profitability												-
Contribution Margin (%)	55.7	56.6	53.3	56.8	50.3	53.9	52.5	67.2	55.5	56.9	56.6	
Adjusted EBITDA Margin (%)	3.6	6.1	7.7	4.5	-36.4	-11.2	-2.2	12.8	5.6	-6.7	-4.4	
EBITDA Margin (%)	-12.5	-9.2	-5.5	-9.9	-52.8	-24.3	-12.2	-0.5	-9.1	-19.8	-19.2	

E: MOFSL Estimates

Quarterly Snapshot

Profit and Loss (INR m)	FY24				FY25			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Payment and Financial Services	**19,180**	**20,710**	**22,860**	**18,590**	**11,640**	**13,220**	**15,050**	**-34**	**14**
Financial Services and Others	5,220	5,710	6,070	3,040	2,800	3,760	5,020	-17	34
Commerce and Cloud Services	**4,050**	**4,240**	**5,140**	**3,950**	**3,210**	**3,020**	**2,670**	**-48**	**-12**
Total revenue from Operations	**23,420**	**25,190**	**28,510**	**22,680**	**15,010**	**16,600**	**18,280**	**-36**	**10**
Direct Expenses	10,380	10,930	13,300	9,798	7,461	7,660	8,690	-35	13
Contribution Profit	**13,040**	**14,260**	**15,210**	**12,882**	**7,549**	**8,940**	**9,590**	**-37**	**7**
Indirect Expenses	12,200	12,720	13,010	11,860	13,010	10,800	10,000	-23	-7
Adjusted EBITDA	**840**	**1,540**	**2,200**	**1,022**	**-5,461**	**-1,860**	**-410**	**-119**	**-78**
ESOP Expense	3,770	3,850	3,780	3,260	2,470	2,180	1,820	-52	-17
EBITDA	**-2,930**	**-2,310**	**-1,580**	**-2,238**	**-7,931**	**-4,040**	**-2,230**	**41**	**-45**
Depreciation and Amortization	1,590	1,800	2,010	1,960	1,780	1,790	1,650	-18	-8
Other Income	1,230	1,440	1,490	1,320	1,380	1,750	1,890	27	8
PBT	**-3,540**	**-2,730**	**-2,190**	**-3,098**	**-8,381**	**-4,070**	**-2,030**	**-7**	**-50**
Tax	40	130	10	140	20	90	50	400	-44
PAT	**-3,580**	**-2,860**	**-2,200**	**-5,508**	**-8,401**	**-4,160**	**-2,080**	**-5**	**-50**
Adj. PAT	**-3,580**	**-2,920**	**-2,200**	**-3,238**	**-8,401**	**9,290**	**-2,080**	**-5**	**-122**
Key Metrics (INR b)									
GMV (INRt)	4.1	4.5	5.1	4.7	4.3	4.5	5.0	-1	13
Disbursements (INR b)	148.5	162.1	155.4	58.0	50.1	52.8	55.8	-64	6
-Personal Loans	40.6	39.3	44.6	33.9	25.0	19.8	17.5	-61	-12
-Merchant Loans	27.4	32.8	35.8	16.7	25.1	33.0	38.3	7	16
MTU (average over the period) (mn)	92.0	95.0	100.0	96.0	78.0	71.0	70.0	-30	-1
Registered Merchants (mn)	35.6	37.5	39.3	40.6	41.2	42.0	43.0	9	2
Payment Devices (mn)	7.9	9.2	10.6	10.7	10.9	11.2	11.7	10	4
Ratios (%)	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**YoY (bp)**	**QoQ (bp)**
Take rates - Financial Services (%)	3.5	3.5	3.9	5.2	5.6	7.1	9.0	509	188
Payment processing charges % of GMV (%)	0.19	0.18	0.19	0.15	0.12	0.12	0.11	-8	-1
Net Payment Margin as % of GMV, bp	16.00	15.71	14.67	18.21	8.99	10.40	9.70	-496	-70
Net Payment Margin (%)	46.4	47.1	44.6	54.9	43.3	49.2	48.8	420	-40
Contribution Margin (%)	55.7	56.6	53.3	56.8	50.3	53.9	52.5	-89	-139
Indirect Expense % of Revenues	52.1	50.5	45.6	52.3	86.7	65.1	54.7	907	-1,036
Adjusted EBITDA Margin (%)	3.6	6.1	7.7	4.5	-36.4	-11.2	-2.2	-996	896
EBITDA Margin (%)	-12.5	-9.2	-5.5	-9.9	-52.8	-24.3	-12.2	-666	1,214
PAT Margin (%)	-15.3	-11.4	-7.7	-24.3	-56.0	-25.1	-11.4	-366	1,368

E: MOFSL Estimates

CONFERENCE CALL

Highlights from the management commentary

Revenue and expenses

- Revenue growth was 10% QoQ due to an increase in GMV, healthy growth in subscription revenues, and an increase in revenues from distribution of financial services.
- Higher financial services revenue was on account of a higher share of merchant loans, higher trail revenue from the default loss guarantee (DLG) portfolio and better collection efficiencies.
- The merchant side of the business has grown, but the consumer side of the business has been flat or slightly declined.
- In Rupay on UPI, the company makes MDR, but it is still a small part of merchant transactions.
- Credit cards running on QR generate more revenue on the acquiring side than on the consumer side.
- A couple of customers were added. The company will expand its merchant acquisition as it will also lead to consumer addition.
- PAYTM has many subsidiaries; none of them have anything to do with Paytm business and are related to One 97 business. It is in the process of rationalizing these subsidiaries.
- The company has a long-term goal to set up three specific subsidiaries: Two in the Middle East and one in South Asia as the reach is more in these areas.
- The cost of devices has come down. It does not expect capex to go back to the FY24 level. Refurbishment and supply will be there in the next 2-3 quarters. A reduction in depreciation will be seen given high capex in FY24.
- Only 600k merchants have taken financial services products from the company, less than 1% of the base; therefore, PAYTM will be able to expand this segment and generate revenue.
- Growth in the no. of consumers is encouraging; the company will continue to drive product-led growth and less of marketing-led growth.
- Money and insurance businesses are works in progress. Money is mainly mutual fund distribution. Insurance business is embedded insurance, which the company will continue.
- PAYTM records 15-20% growth in eligible GMV.
- Sourcing fee in the month of disbursal is slightly higher than DLG costs. However, it does not lead to negative margins in that month.
- Expects calibrated growth in marketing costs and sales employee expenses, as the company invests in customer and merchant acquisition.
- As communicated earlier, the company is picking up inactive devices and redeploying them at new merchants after refurbishment. The company expects this strategy to continue for the next 1-2 quarters. This is leading to higher revenue per merchant and lower capex.
- Credit card distribution is scaling at a slower pace as issuers are currently taking a cautious stance, which is evident in slower growth for the industry. There are 13.9 Lakh activated credit cards as of Dec'24, compared to 10.1 Lakh last year.

Net payment margin

- Growth in net payment margin was largely on account of higher subscription revenue. Payment processing margin remains in the guided range.
- The company provides waivers basis only if large volume is done, then subscription fees is not be paid.

DLG

- Continues to see increased interest from lenders to partner using the DLG model for both merchant and personal loans, which will help to increase disbursements with the existing partners and expand partnerships with new lenders.
- The outstanding AUM amount for DLG portfolios was INR42.4b in 3QFY25 vs. INR16.5b in 2QFY25.
- About 80% of merchant loans came from the DLG model.
- More lending partners are showing interest in the DLG model. The DLG book is doing better than the rest of the book.
- ECL has come down to 4.5% to 5.0% due to improvement in collection efficiency. Earlier there was elevated churn on the merchant side, which also led to more ECL.
- On the blended basis, DLG cost is less than 5%. So far, for all DLG loans, the company provisions them immediately in the same quarter in other expenses, and for provisions which are not getting used, there would be a reversal in this cost.
- There is a small amount of personal loans that are disbursed through DLG and are only on collection basis.
- 5-6 lakh merchants have loan O/S. There is a 2-3-year period opportunity of increasing penetration % to 15-20%.
- Tenure increase is independent of the ticket size increase.
- The gross take rate over the life time of loan in DLG business earlier was 3-4% on sourcing and 1-2% on collection. Currently, 3.5% of FLDG amount is to be added here.
- Non-lending revenue in financial services is broadly in the range of 10-20% of financial services revenue.
- In the month of disbursal, merchant loan has less than 50% contribution margin. Despite recording double FLDG cost this quarter, the company maintained the contribution margin.
- Revenue from merchant loan is expected to increase more than the cost in FLDG book going forward.
- In last five months, the DLG book has noticeably done better than the non-DLG book.

Cost

- The company is optimistic about continuing to reduce costs and is exploring as many areas as possible for cost savings.
- Int. income is going up, whereas depreciation and ESOP costs are going down, which will remove the gap between PAT and EBITDA before ESOP, once this is profitable.

Lending business

- Merchant loan distribution continues to see strong growth, with a significant proportion of merchant loans distributed under the DLG model. More than 50% of loans were distributed to repeat borrowers.
- The company has been primarily focusing on the distribution-only model, wherein it has seen a reduction in disbursements on account of tightening risk policies by lenders, in line with industry trends.

- For personal loans, the company has resumed loans, which will help in both distribution and collection, to a selective cohort of new and repeat customers, which have shown steady asset quality trends.
- Personal loan is market dependent; partners are being cautious and they want to make sure that their credit cycle is good.
- Merchant loans are seeing steady growth largely because of medium-term penetration, with the base and ticket size rising.
- Unless the FY26 macro situation is worse than FY25, the company expects FY26 to be better and will add more partners going forward.
- PAYTM has actually both models (distribution and collection) with multiple partners. The aim is to work with partners who offer a win-win situation.
- There is a fair mix of both distribution and distribution + collection. Distribution and collection together give more margins. Distribution gives diversity and collection gives more margins.
- The company is witnessing strong demand, although some partners remain cautious and are navigating a careful phase in the lending cycle.
- Financial services revenue is expected to continue increasing, with improved revenues creating the scale needed for further growth in the next few quarters.

Margin

- The company focuses on becoming profitable by the end of the year and may even surpass its guidance.
- Contribution margin (without UPI incentives) was marginally down QoQ at 52%, due to an increase in DLG costs as the amount disbursed under the DLG program more than doubled QoQ.
- The QoQ jump in the take rate was partly due to trail revenue and second collection efficiencies. In the non-FLDG book, collection efficiencies are better.

Cash on the balance sheet

- The cash is sitting overseas; the company does not need cash in India now and therefore, it will see if it would use it in overseas business or bring back to India.
- It currently holds INR100b of cash and does not foresee any immediate need for utilizing this cash.

Guidance

- Expects contribution margin, excluding UPI incentives, to remain in the 50-55% range, and including UPI incentives, it would be in the 55-60% range.

Story in charts

Exhibit 1: Trend in segmental mix (%)

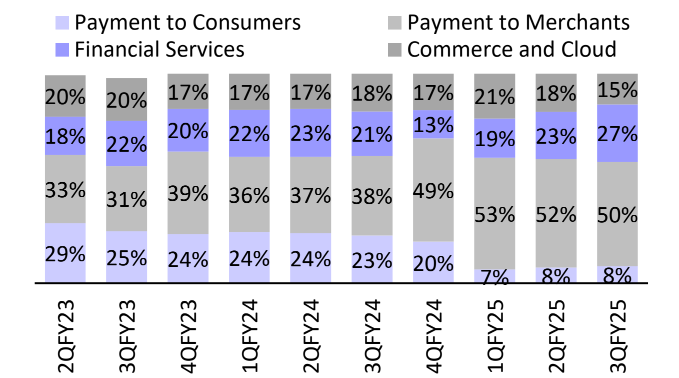


Exhibit 2: GMV improved 13% QoQ to INR5.04t in 3QFY25

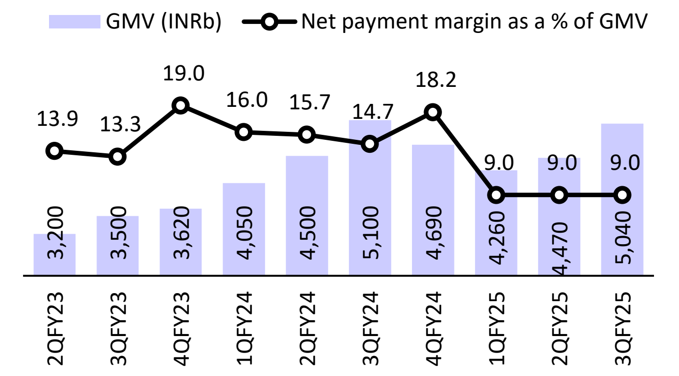


Exhibit 3: Average MTU declined to 70m in 3QFY25

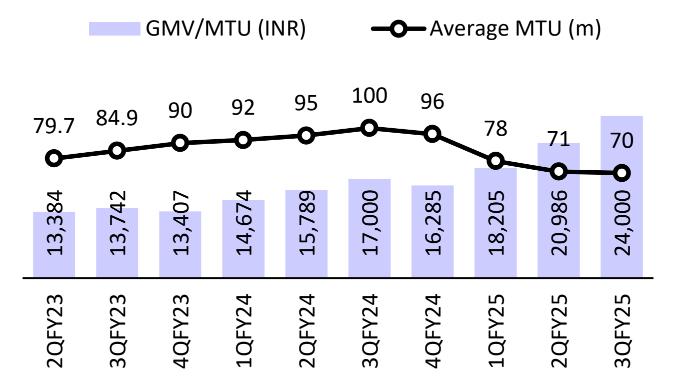


Exhibit 4: Merchant base grew to 43m in 3QFY25

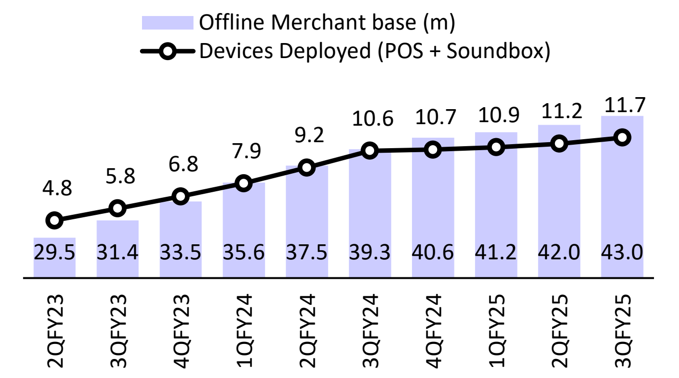


Exhibit 5: Marketing expenses declined to 8% of revenues

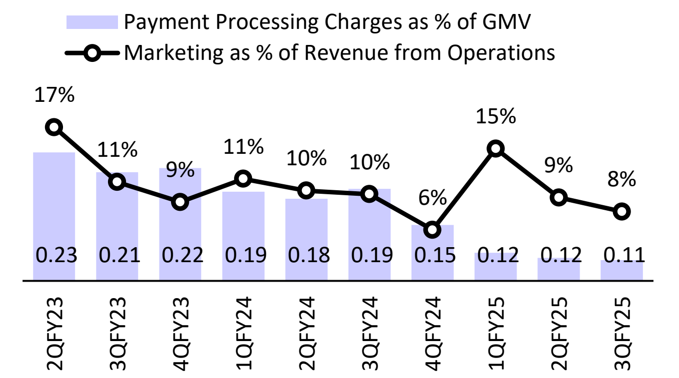


Exhibit 6: Loans disbursed improved to INR55.8b

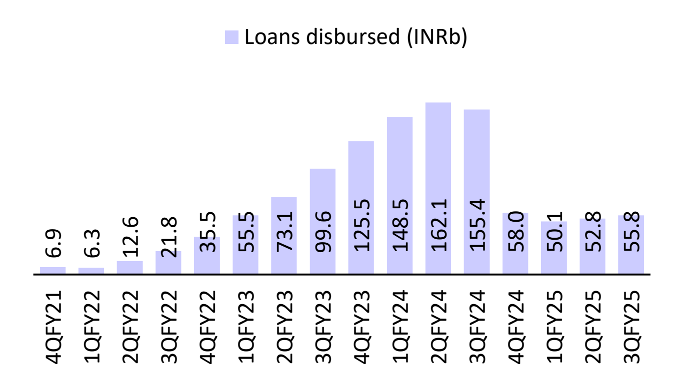
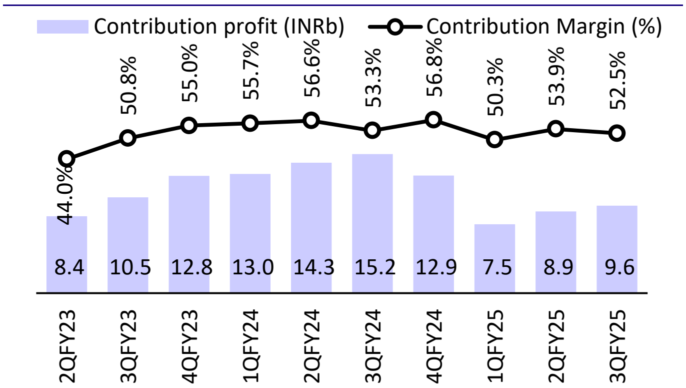
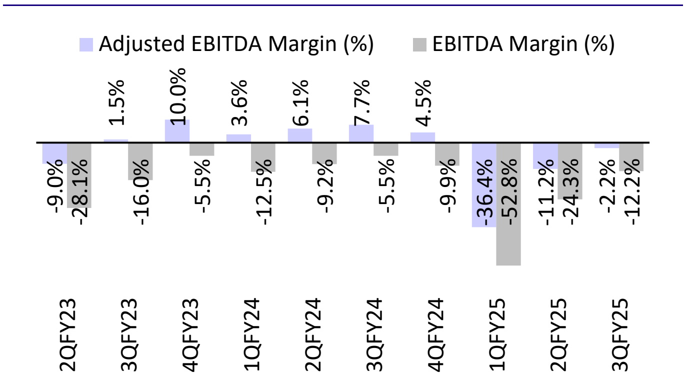


Exhibit 7: Contribution margin declined to 52.5%



Source: MOFSL, Company

Exhibit 8: Adj EBITDA & EBITDA margin improved in 3QFY25



Source: MOFSL, Company

Valuation and view: Maintain NEUTRAL with a TP of INR950

- PAYTM continues to report an improvement in its business metrics. Disbursements have started to recover and are off the lows of 1Q. GMV improves at a steady rate.
- Most of the business metrics continue to improve. We expect that steady business recovery should lead to a 29% revenue CAGR over FY25-27E.
- Contribution margin declined slightly to 52.5% from 53.9% in 2QFY25 amid an increase in direct expenses relating to DLG. Management expects contribution margins to remain healthy, led by cost control and steady growth in merchant financial business.
- We estimate a 29% CAGR in disbursements over FY25-27E, while the take rates should be healthy as the company now forays into DLG arrangements. Payment processing margins are expected to moderate to 5-6bp vs. the historical rate of 7-9bp, primarily due to the discontinuation of more profitable products.
- We largely maintain our contribution profit estimates for FY25/FY26. We estimate PAYTM to turn EBITDA positive by FY27. **We value PAYTM at INR950 based on 18x FY30E EBITDA discounted to FY26E, which corresponds to 6.1x FY26E sales. We retain NEUTRAL rating on the stock.**

Financials and valuations

Income Statement

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Payment Services to Consumers	21.1	21.7	6.4	8.5	10.5
Payment Services to Merchants	27.4	39.6	36.6	46.5	58.7
Financial Services and Others	15.4	20.0	16.0	23.8	29.6
Payment and Financial Services	**63.8**	**81.3**	**59.0**	**78.8**	**98.9**
Growth (%)	65.5	27.4	-27.4	33.5	25.5
Commerce	6.2	7.0	0.0	0.0	0.0
Cloud	9.0	10.3	0.0	0.0	0.0
Commerce and Cloud Services	**15.2**	**17.4**	**12.0**	**13.8**	**16.3**
Growth (%)	37.6	14.4	-31.0	15.0	18.0
Other Operating Revenue	0.9	1.1	1.3	1.6	2.0
Revenue from Operations	**79.9**	**99.8**	**72.3**	**94.2**	**117.1**
Growth (%)	60.6	24.9	-27.5	30.3	24.4
Payment processing charges	29.6	32.8	20.7	26.4	33.0
Promotional cashback & incentives	5.0	3.1	1.5	2.6	3.2
Other Expenses	6.3	8.5	8.9	9.9	11.1
Direct Expenses	**40.9**	**44.4**	**31.2**	**38.9**	**47.3**
Growth (%)	17.7	8.6	-29.8	24.8	21.7
Contribution Profit	**39.0**	**55.4**	**41.1**	**55.3**	**69.8**
Growth (%)	160.4	42.0	-25.7	34.4	26.2
Marketing	5.7	6.1	5.4	6.4	8.0
Employee cost (Excl ESOPs)	23.2	31.2	25.6	28.4	31.8
Software, cloud and data center	6.9	6.4	6.9	7.7	8.5
Other indirect expenses	4.9	6.0	8.1	9.3	10.7
Indirect Expenses	**40.8**	**49.8**	**46.0**	**51.9**	**59.0**
Growth (%)	35.2	22.1	-7.6	12.7	13.8
Adjusted EBITDA	**-1.8**	**5.6**	**-4.9**	**3.4**	**10.8**
Growth (%)	-88.4	-418.2	-187.0	-170.9	213.8
ESOP Expense	14.6	14.7	9.5	5.7	2.4
EBITDA	**-16.3**	**-9.1**	**-14.3**	**-2.2**	**8.4**
Growth (%)	-29.9	-44.4	57.8	-84.5	-477.8
Finance Costs	0.2	0.2	0.2	0.3	0.3
Depreciation and Amortization Expenses	4.9	7.4	7.2	8.1	9.4
Other Income	4.1	5.5	7.0	8.8	10.9
PBT	**-17**	**-11**	**-15**	**-2**	**10**
Share of (profit)/loss of associates/JV	0.1	0.4	0.2	0.2	0.3
Exceptional items	0.0	2.2	13.5	0.0	0.0
Tax	0.3	0.3	0.0	0.1	0.5
PAT	**-17.8**	**-14.1**	**-1.5**	**-2.2**	**8.9**
Growth (%)	-25.7	-20.6	-89.2	46.4	-497.3

Balance Sheet

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Share Capital	0.6	0.6	0.6	0.7	0.7
Reserves & Surplus	129.5	132.6	131.9	130.8	135.2
Non-Controlling Interest	-0.2	-0.3	-0.3	-0.3	-0.4
Net Worth	**129.9**	**133.0**	**132.2**	**131.1**	**135.5**
Non-Current Liabilities	6.4	5.9	0.5	0.6	0.6
Current Liabilities	43.3	32.5	70.2	101.2	112.8
Total Liabilities	**179.7**	**171.4**	**203.0**	**232.9**	**248.9**
Fixed Assets	12.2	12.6	13.1	13.7	14.4
Investments	13.2	22.6	25.2	27.8	30.5
Other Non-Current Assets	8.7	11.6	13.3	14.8	16.6
Non-Current Assets	**36.6**	**47.2**	**51.6**	**56.3**	**61.5**
Investments	11.2	23.3	23.3	23.3	23.3
Cash and Bank Balances	103.8	73.0	90.3	109.4	112.9
Other Current Assets	28.0	27.9	37.8	43.8	51.2
Current Assets	**143.0**	**124.2**	**151.4**	**176.5**	**187.4**
Total Assets	**179.7**	**171.4**	**203.0**	**232.9**	**248.9**

Financials and valuations

Key Operating Metrics

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
GMV (INRt)	13.2	18.3	18.8	23.6	29.2
Disbursements (INR b)	353.8	523.7	235.7	308.7	395.1
Net Payment Margins (INRm)	18.9	28.5	9.6	12.7	16.0
Revenue from Operations Mix (%)					
Payment Services to Consumers	27%	23%	11%	11%	11%
Payment Services to Merchants	34%	40%	51%	49%	50%
Financial Services and Others	19%	20%	22%	25%	25%
Payment and Financial Services	**81%**	**83%**	**83%**	**85%**	**86%**
Commerce	8%	7%	0%	0%	0%
Cloud	11%	10%	0%	0%	0%
Commerce and Cloud Services	**19%**	**17%**	**17%**	**15%**	**14%**

E: MOFSL Estimates

Ratios

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Payment Services to Consumers % of GMV	0.16	0.12	0.03	0.04	0.04
Payment Services to Merchants % of GMV	0.21	0.22	0.19	0.20	0.20
Take rates - Financial Services (%)	0.004	0.004	0.007	0.008	0.008
Payment processing charges % of GMV	0.22	0.18	0.11	0.11	0.11
Net Payment Margin (%)	0.14	0.16	0.05	0.05	0.05
Direct Expense % of Revenues	51.2	44.5	43.1	41.3	40.4
Contribution Margin (%)	48.8	55.5	56.9	58.7	59.6
Indirect Expense % of Revenues	51.0	49.9	63.6	55.1	50.4
EBITDA Margin (%)	-20.4	-9.1	-19.8	-2.4	7.2
Adjusted EBITDA Margin (%)	-2.2	5.6	-6.7	3.7	9.2
PAT Margin (%)	-22.2	-14.1	-2.1	-2.4	7.6

Valuation	FY23	FY24	FY25E	FY26E	FY27E
RoE	-13.1	-10.7	-1.1	-1.7	6.6
RoA	-9.9	-8.0	-0.8	-1.0	3.7
Sales per share (INR)	126	157	112	143	173
Growth (%)	64.4	24.5	-28.9	27.9	20.9
Price-Sales (x)	**7.1**	**5.7**	**8.0**	**6.3**	**5.2**
Book Value per share (INR)	205	209	204	199	200
Growth (%)	-5.9	2.0	-2.4	-2.7	0.5
Price-BV (x)	**4.4**	**4.3**	**4.4**	**4.5**	**4.5**
EBITDA per share (INR)	-26	-14	-22	-3	12
Price-EBITDA (x)	**NA**	**NA**	**NA**	**NA**	**72.3**
EPS (INR)	-28.0	-22.2	-2.4	-3.4	13.0
Growth (%)	-24.0	-20.8	-89.4	43.7	-486.2
Price-Earnings (x)	**NA**	**NA**	**NA**	**NA**	**68.5**

E: MOFSL Estimates

NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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