

One 97 Communications

Payments business not in high-growth phase

Profitability metrics have improved to some extent

Revenue aspects – Payments business growing close to a ~20% handle: Total revenue from operations was up 24.2% YoY and 7.5% QoQ to Rs 20.6bn for the quarter. Revenue from Payments services was up 9.8% QoQ and 21.1% YoY to Rs 11.5bn. Revenue from Financial Services business was up 8.9% QoQ and 62.5% YoY to Rs 6.11bn. The revenue from Marketing Services in 2Q stood at Rs. 2.28bn, down by -24.5% YoY and -7.7% QoQ. Payment Services has grown close to a ~20% handle, after bouncing back from the crisis situation, which does not seem like high-growth phase. Paytm has relaunched the BNPL business. The overall unit economics of the new BNPL offering will be within 20 bps of what the company used to earn from the earlier version. In the earlier avatar, the BNPL product used to make 70-80 bps margin. Also, management stated AI expands the opportunity hugely on the merchant side.

Profitability – Payments processing margin improved on the back of traction for credit instruments: The overall contribution profit was up 4.7% QoQ at Rs 12.1bn, translating to a contribution margin of 58.5%, up by 466bps YoY but down -155bps QoQ. EBITDA before ESOP cost stood Rs 1.41bn, which translated to an adjusted EBITDA margin of 6.8%, as against -11.2% in 2QFY25 and 5.3% in 1QFY26. Importantly, payments processing margin improved on the back of traction for credit card on UPI and affordability solutions like EMI and above the guided 3 bps mark. The other aspect aiding payment processing margin is improved pricing discipline in the industry in terms of pricing to merchants.

We maintain an 'ADD' rating on PAYTM with a revised price target of Rs 1400: We value PAYTM at 45x FY28 P/E for an FY28E-31E EPS CAGR of 33%.

(See Comprehensive con call takeaways on page 2 for significant incremental colour.)

Other Highlights (See "Our View" above for elaboration and insight)

- **Payment processing charges:** Payment proc. charges was up 8.3%/21.7% QoQ/YoY and were 54.9% of Payments Serv. Revenue, down/up -76bps/26bps QoQ/YoY.
- **Contribution profit:** Cont. profit at Rs 12,060mn was up 4.7%/34.9% QoQ/YoY, with a Contr. margin of 58.5%, down/up -155bps/466bps QoQ/YoY.
- **Expenses (excl Payment proc. charges):** Total exp. were up/down 2.0%/-16.5% QoQ/YoY, QoQ growth driven by higher Marketing and Employee expenses.

Exhibit 1: Result table

Particulars, Rs mn	2QFY26	1QFY26	QoQ, %	2QFY25	YoY, %
Revenue from Operations	20,610	19,175	7.5	16,595	24.2
Payment processing charges	6,290	5,809	8.3	5,168	21.7
Gross Profit	14,320	13,366	7.1	11,427	25.3
Total Expenses	12,910	12,651	2.0	15,460	-16.5
EBITDA (Before Esop Exp.)	1,410	1,015	38.9	(1,853)	-176.1
Cal. EBITDA Margin (Bef. ESOP)	6.8	5.3	155bps	-11.2	1801bps
EBITDA	1,410	715	-97.2	(4,033)	135.0
EBIT	40	(946)	104.2	(5,819)	100.7
Other Income	2,220	2,414	-8.0	1,745	27.2
Exceptional items	(1,900)	(167)	NA	13,454	NA
PBT	310	1,261	75.4	9,346	96.7
Tax	90	40	125.0	89	1.1
PAT	220	1,221	82.0	9,257	97.6
Share of Assoc./JVs	(10)	4	NA	43	NA
Consolidated PAT	210	1,225	-82.9	9,300	-97.7

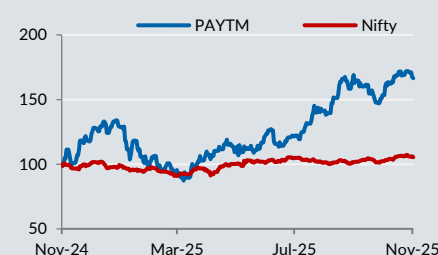
Source: Company, YES Sec-Research

Recommendation	: ADD
Current Price	: Rs 1,268
Target Price	: Rs 1,400
Potential Return	: +10%

Stock data (as on November 5, 2025)

Nifty	25,598
52 Week h/l (Rs)	1324 / 652
Market cap (Rs/USD mn)	814735 / 9181
Outstanding Shares (mn)	639
6m Avg t/o (Rs mn):	5,071
Div yield (%):	-
Bloomberg code:	PAYTM IN
NSE code:	PAYTM

Stock performance



	1M	3M	1Y
Absolute return	8.6%	20.4%	65.9%

Shareholding pattern (As of Jun'25 end)

Promoter	0.0%
FII+DII	70.7%
Others	29.3%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	1400	1300

Financial Summary

(Rs mn)	FY26E	FY27E	FY28E
Total Revenue	93,423	114,339	138,991
YoY Growth, %	22.5	22.4	21.6
EBITDA Margin, %	0.9	7.9	15.7
PAT Ex JV/Assoc.	1,955	8,494	19,204
YoY Growth, %	(129.4)	334.5	126.1
Sales Per Share, Rs	133.1	165.2	203.1
EPS, Rs	3.1	13.6	30.7
BVPS, Rs	238.7	252.2	282.9
P/Sales, x	9.5	7.6	6.2
P/E, x	403.7	92.9	41.1
P/BV, x	5.3	5.0	4.5
ROAE, %	1.3	5.5	11.5
ROAA, %	0.9	3.7	7.8

Δ in earnings estimates

Rs.	FY26E	FY27E	FY28E
EPS (New)	3.1	13.6	30.7
EPS (Old)	4.8	17.8	34.2
% change	-35.4%	-23.9%	-10.3%

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COMPREHENSIVE CON-CALL TAKEAWAYS

Colour on relaunched Postpaid / BNPL business

- **Relaunch**
 - The Postpaid business has been relaunched in September and hence, does not have much contribution in 2Q.
 - It is a UPI-based “Spend Now, Pay Next Month” overdraft facility that provides up to 30 days of short-term credit through a partner bank, available across both online and offline merchants.
- **Partners**
 - The runway with the current set of banks is significant but the company will continue to find more bank partners.
- **Unit economics**
 - The overall unit economics of the new BNPL offering will be within 20 bps of what the company used to earn from the earlier version (in other words, no material change).
 - In the earlier avatar, the BNPL product used to make 70-80 bps margin.
- **Business / revenue model**
 - The BNPL product is now more of a payments product than a credit product.
 - It is a pay by month end product than a proper pay later product and does not compete with EMI products.
 - It is essentially a fee-based product and not interest-based but has some element of NIM.
 - The ticket size is upto about Rs 50-60,000 but with product differentiation.
 - 1-2% convenience fee may be charged but to customers with high credit score, even no fee may be charged.
 - There is no subscription revenue in this business.

Key revenue items

- Total revenue from operations was up 24.2% YoY and 7.5% QoQ to Rs 20.6bn for the quarter.
- Revenue from Payments services was up 9.8% QoQ to Rs 11.5bn.
- Revenue from Financial Services business was up 8.9% QoQ to Rs 6.11bn.
- The revenue from Marketing Services (commerce and cloud business) in 2Q stood at Rs. 2.28bn, down by -24.5% YoY and -7.7% QoQ.

Contribution margin and Incentive

- The overall contribution profit was up 4.7% QoQ at Rs 12.1bn, translating to a contribution margin of 58.5%, up by 466bps YoY but down by -155bps QoQ.
- YoY growth is driven by improved net payment revenue, higher share of distribution of financial services revenue, and reduction in DLG expenses.
- The company received no UPI incentive in Q2 FY26; Rs 700 mn was received in Q4 FY25.

(Con call takeaways continue on the next page)

Net Payments Margin

- **Payments processing margin**
 - The improvement in net payments margin was driven by improved payments processing margin as opposed to subscription revenue.
 - **Share of credit instruments**
 - Improvement in payments processing margin in turn was driven by improved business mix, with higher share of credit instruments, especially EMI.
 - The company is doing very well on EMI and has partnered with many EMI issuers.
 - There has been a bottoming out in terms of mix.
 - **Better pricing**
 - The other aspect aiding payment processing margin is improved pricing discipline in the industry in terms of pricing to merchants.
 - **Soundbox**
 - Soundboxes and other products are growing linearly but better than before.
 - **Sustainability**
 - Management stated that, overall, the improvement in net payments margin is sustainable.
 - The business mix could vary quarter to quarter.
- **Omni channel aspects**
 - The company is the only meaningful omni channel player, which allows it to do better margin than if it was a standalone online or offline player.
 - Being omni channel helps the company during online merchant onboarding since VAS (value added services) can be offered with higher overall margin.
 - For example, Flipkart also has offline dealings due to large cash on delivery transactions and hence, VAS elements like settlement, etc come into the picture.
 - Hence, online merchants are high MDR and high margin for the company.
- **Credit card on UPI**
 - The company's market share in credit card on UPI is higher than its overall UPI market share.
 - The overall UPI market share is more a function of the P2P segment.
 - The company is able to capture market share an order of magnitude higher.

EBITDA margin

- EBITDA before ESOP cost stood Rs 1.41bn, which translated to an adjusted EBITDA margin of 6.8%, as against -11.2% in 2QFY25 and 5.3% in 1QFY26.

General comments on Payments business

- The company is seeing market share improvement with improving economics.
- It is hard to predict the industry UPI growth but the company GMV growth will be higher than the industry UPI growth.
- There will also be upsell of financial services products.

Cost aspects

- **Indirect cost**
 - Management expects this to be rangebound for the remainder of the year.
 - There has been saving in human capital outside of sales, on software expenses and other areas.

(Con call takeaways continue on the next page)

- These savings will be invested in sales personnel.
- **Customer acquisition cost (CAC)**
 - The company looks at the CAC to LTV (lifetime value) metric.
 - The CAC has come down both in terms of marketing cost and cashback.
 - Customer retention has also improved.
 - The CAC to LTV metric will continue to see improvement.
- **Key numbers on operating expenses**
 - The total operating expense stood at Rs. 12.91bn, up 2.0% QoQ but down -16.5% YoY.
 - The employee expense (incl. ESOP) for the quarter was up by 3.2% QoQ but down -20.2% YoY and other operating expense was up by 5.1% QoQ but down -7.4% YoY.
 - Payment Processing Charges at Rs. 6.29bn for the quarter was up 8.3% QoQ and 21.7% YoY.
 - Promotional cashbacks and incentives was Rs 500 mn, as against Rs 290 mn in Q2 FY 2025.

Marketing Services business

- The marketing services business pertains mainly to advertising and travel.
- The travel industry experienced a headwind during this period but the company gained market share.
- The company should do better in advertising and travel segments going forward.

Revival of consumer business

- The company does not have a large MTU (monthly transacting users) on the consumer side but the ones who have stayed on are high quality customers who can be monetized better.
- The company has started a loyalty program with gold coins and would like to see the customers who have stayed on becoming brand ambassadors for new customer recruitment.
- **Opportunity**
 - Earlier, the company had signed up 10-12 mn customers.
 - At the moment, the company can target a couple of mn customers.
 - The company has anchor issuers as partners and it will depend on the banks as to how sizeable this can become.

Colour on Merchant business

- **General comments**
 - There is more runway for adding merchants including mid and long tail merchants.
 - Lending distribution overlay is on top of this.
- **MDR unit economics for merchants**
 - The merchant pays 1-1.4%.
 - As the acquiring company, the company can sell this for 1.5% or higher, which is like adding a margin.
 - The interchange worth 1.1-1.2% goes back to the issuer.
 - There are various fees involved.
- **AI as revenue driver**
 - AI expands the opportunity hugely on the merchant side.
 - AI is now a revenue driver for the company as it is creating products and services that could not earlier be created.

(Con call takeaways continue on the next page)

- AI not only gives the company better efficiency but better insight.
- As a key example, better insight leads to better credit cost for partners, which in turn leads to better collection revenue for the company.
- **Soundbox as AI agent**
 - While companies like Snowflake and Accenture implement AI for large businesses, the company is doing it for small businesses.
 - The company is making devices that are acting as AI agents for small businesses.
 - There are several use cases like running ads on social media and translating Hindi into international languages.
 - The company is also internally piloting AI offerings for larger businesses.
- **Soundbox business**
 - Subscription business revenue will eventually get topped by MDR revenue.
 - **Refurbishment**
 - The company has created hubs for refurbishing devices.
 - Only devices which are refurbishable are picked up and this improves the life of the device.
 - Refurbishing including reverse pickup cost is 20-30% of the cost of the new device.
 - The company would like to scale up refurbishing since it impacts the P&L positively.

Financial services business

- **Commentary**
 - Management feels that we are at the bottom of the credit cycle.
 - **Merchant loans**
 - Merchant loan distribution maintained strong momentum during the quarter, driven by expansion in the device base and improved penetration, with over half of disbursements to repeat borrowers, highlighting high stickiness and robust demand.
 - As such, merchant loans disbursed have grown sequentially.
 - The take rate has improved due to better collection.
 - **Personal loans**
 - While take rate has improved slightly for personal loans too, the business is still facing industry level headwind.
 - **DLG (Default Loss Guarantee) book**
 - The DLG book, per se, has declined since the largest partner has moved away from DLG and is booking outside of DLG.
 - **Non-lending business**
 - Paytm Money and overall wealth offering are growing well with improved monetization in its equity broking.
 - **Margin trading business**
 - MTF was driven by focused execution and AI-led offerings, with momentum expected to sustain.
 - The margin trading business is carried out by Paytm Money, which is a 100% subsidiary, on its own balance sheet.
 - The margin trading book is growing nicely.

International business

- On the international side, the company offers payment acceptance and hardware software service stack, like PayPay.

(Con call takeaways continue on the next page)

- The full stack is available to the partner of on revenue share model or sweat equity.
- It could be partner operated or Paytm operated.

Key Underlying metrics

- **Monthly transactions users (MTU)**
 - Average MTU was up 5.6% YoY and 1.4% QoQ to 75mn.
- **Merchant subscriptions**
 - Merchant subscription base have increased 22.6% YoY and 5.6% QoQ to 13.7mn.
- **Financial Services Customers**
 - The number of key financial services customers were 0.65mn in 2Q, up by 16.1% QoQ.
- **Monthly GMV**
 - The Monthly GMV per user up 20.1% YoY and 3.8% QoQ to Rs 25,200 in 2Q.

Exhibit 2: Quarterly P&L Table

Particulars, Rs mn	2QFY26	1QFY26	QoQ, %	2QFY25	YoY, %
Revenue from Operations	20,610	19,175	7.5	16,595	24.2
Less: Expenses					
Payment processing charges	6,290	5,809	8.3	5,168	21.7
Gross Profit*	14,320	13,366	7.1	11,427	25.3
Marketing and promotional expenses	1,220	998	22.2	1,544	-21.0
Employee Expense (Excl. ESOP Exp.)	6,630	6,126	8.2	6,130	8.2
ESOP Expense	0	300	-100.0	2,180	-100.0
Software, cloud and data centre expenses	1,330	1,677	-20.7	1,578	-15.7
Other Expenses	3,730	3,550	5.1	4,028	-7.4
TOTAL EXPENSES (Excl. Payment proc.)	12,910	12,651	2.0	15,460	-16.5
EBITDA (Before ESOP Exp.)	1,410	1,015	38.9	(1,853)	-176.1
EBITDA (Incl ESOP excl Oth. Inc.)**	1,410	715	-97.2	(4,033)	135.0
Depreciation and Amortization Expense	1,370	1,661	-17.5	1,786	-23.3
EBIT	40	(946)	104.2	(5,819)	100.7
Other Income	2,220	2,414	-8.0	1,745	27.2
Finance Cost	50	40	25.0	34	47.1
Exceptional items	(1,900)	(167)	NA	13,454	NA
PBT	310	1,261	75.4	9,346	96.7
Tax	90	40	125.0	89	1.1
PAT	220	1,221	82.0	9,257	97.6
Share of result of Associates/JVs	(10)	4	NA	43	NA
Consolidated PAT	210	1,225	-82.9	9,300	-97.7

Source: Company, YES Sec – Research; N.B. *Not the same as Contribution Profit reported by Paytm. **This is the standard EBITDA usually reported across companies

Exhibit 3: Contribution Profit – Calculation - Quarterly

Particulars, Rs mn	2QFY26	1QFY26	QoQ, %	2QFY25	YoY, %
Revenue from Operations	20,610	19,180	7.5	16,595	24.2
Payment processing charges	6,290	5,810	8.3	5,168	21.7
As % of GMV (%)	0.11	0.11	0bps	0.12	0bps
Promotional cashback & incentives	500	370	35.1	290	72.4
Other Expenses	1,760	1,480	18.9	2,200	(20.0)
Total Direct Expenses	8,550	7,660	11.6	7,658	11.6
Contribution Profit	12,060	11,520	4.7	8,937	34.9
Contribution Margin (%)	58.5	60.1	-155bps	53.9	466bps

Source: Company, YES Sec – Research

Exhibit 4: Adjusted EBITDA (before ESOP expense)* - Calculation - Quarterly

Particulars, Rs mn	2QFY26	1QFY26	QoQ, %	2QFY25	YoY, %
Contribution Profit	12,070	11,510	4.9	8,940	35.0
Marketing	720	620	16.1	1,800	(60.0)
Employee cost (Excl ESOPs)	6,620	6,120	8.2	6,130	8.0
Software, cloud and data center	1,330	1,680	(20.8)	1,580	(15.8)
Other indirect expenses	1,980	2,070	(4.3)	1,840	7.6
EBITDA (Before ESOP expense)*	1,420	1,020	39.2	(1,860)	(176.3)
EBITDA Margin (%)	6.9	5.3	157bps	(11.2)	1810bps

Source: Company, YES Sec – Research; *N.B. EBITDA used by company

Exhibit 5: Segmental Breakup of Revenue from Operations - Quarterly

Particulars, Rs mn	2QFY26	1QFY26	QoQ, %	2QFY25	YoY, %
Payments and financial services	17,570	16,050	9.5	13,220	32.9
Payments Services	11,460	10,440	9.8	9,460	21.1
Financial Services and Others	6,110	5,610	8.9	3,760	62.5
Marketing Services	2,280	2,470	-7.7	3,020	-24.5
Other Operating Revenue	770	670	14.9	360	113.9
Total Revenue from Operations	20,620	19,190	7.5	16,600	24.2

Source: Company, YES Sec – Research

Exhibit 6: Expenses as % of heads - Quarterly

%	2QFY26	1QFY26	QoQ, bps	2QFY25	YoY, bps
Payment processing charges as a % of Payment services revenue	54.9	55.6	-76bps	54.6	26bps
Expense heads as a % of Total Revenue					
Payment processing charges	27.6	26.9	64bps	28.2	-63bps
Marketing and promotional expenses	5.3	4.6	72bps	8.4	-307bps
Employee Benefit Expense	29.0	28.4	67bps	33.4	-438bps
Software, cloud and data centre expenses	5.8	7.8	-194bps	8.6	-278bps
Other Expenses	16.3	16.4	-11bps	22.0	-562bps
Depreciation and Amortization Expense	6.0	7.7	-169bps	9.7	-374bps
Finance Cost	0.2	0.2	3bps	0.2	3bps

Source: Company, YES Sec – Research

Exhibit 7: Key Operational Data - Quarterly

Particulars	2QFY26	1QFY26	QoQ, %	2QFY25	YoY, %
Monthly Transacting Users, mn	75.0	74.0	1.4	71.0	5.6
Monthly GMV per user, Rs	25,200	24,279	3.8	20,986	20.1
Devices merchant base, mn	13.7	13.0	5.6	11.2	22.6
Merchant Transactions, mn	14,530	13,030	11.5	9,910	46.6
Total Transactions, mn	16,580	14,640	13.3	11,090	49.5
No. of Key Financial Services Customers, mn	0.65	0.56	16.1	0.60	8.3
Average number of sales employees	44,154	38,945	13.4	30,104	46.7

Source: Company, YES Sec – Research

Exhibit 8: Quarterly Actuals Vs Estimates

Q2FY26 (Rs. mn)	Actuals	Estimates	Diff, %
Revenue from Operations	20,610	20,127	2.4
EBITDA (Ex-OI)	1,410	1,752	(19.5)
PAT (Ex-As./JV)	220	1,676	(86.9)

Source: Company, YES Sec – Research

ANNUAL FINANCIALS

Exhibit 9: Income Statement

Rs mn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Revenue from Op.	49,742	79,903	99,778	69,004	84,887	105,376	129,580	154,010	179,674	209,747
Other Income	2,901	4,097	5,469	7,245	8,536	8,962	9,411	9,881	10,375	10,894
Total Revenue	52,643	84,000	105,247	76,249	93,423	114,339	138,991	163,892	190,049	220,641
Operating Expenses										
Payment processing charges	27,538	29,577	32,804	21,247	25,881	32,378	38,368	43,564	49,484	56,231
Market. and prom.	8,554	10,764	9,220	6,594	5,605	6,165	6,782	7,460	8,206	9,027
Emp. exp. (Excl. ESOP)	16,226	23,225	31,234	24,727	26,450	29,096	32,005	35,206	38,726	42,599
ESOP Expense	8,093	14,558	14,658	8,154	2,500	2,500	2,500	2,500	2,500	2,500
Software, cloud and data	4,999	6,939	6,430	6,397	6,717	7,389	8,127	8,940	9,834	10,818
Other Expenses	7,734	11,155	14,500	16,950	16,950	19,493	21,442	23,586	25,945	28,539
Total Expenses	45,606	66,641	76,042	62,822	58,222	64,642	70,856	77,692	85,211	93,482
EBITDA (Excl. ESOP Exp.)	(15,309)	(1,757)	5,590	(6,911)	3,284	10,856	22,856	35,255	47,479	62,534
EBITDA	(23,402)	(16,315)	(9,068)	(15,065)	784	8,356	20,356	32,755	44,979	60,034
Dep. and Amor.	2,473	4,853	7,357	6,726	7,197	7,701	8,240	8,816	9,434	10,094
EBIT (Ex-OI)	(25,875)	(21,168)	(16,425)	(21,791)	(6,413)	656	12,117	23,938	35,545	49,940
Finance Cost	394	233	243	164	172	181	190	199	209	220
Exceptional	(24)	0	(2,328)	8,233	0	0	0	0	0	0
PBT	(23,392)	(17,304)	(13,527)	(6,477)	1,951	9,438	21,337	33,620	45,711	60,614
Tax	113	336	320	180	(4)	944	2,134	5,043	9,142	15,154
PAT (Ex-As./JV)	(23,505)	(17,640)	(13,847)	(6,657)	1,955	8,494	19,204	28,577	36,569	45,461

Source: Company, YES Sec – Research, Consolidated Financials

Exhibit 10: Cash flow statement

Rs mn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Cash flow from Operations										
Profit before Tax & Extr.	(23,851)	(17,429)	(13,904)	(13,904)	1,990	9,607	21,721	34,192	46,442	61,524
Adjustment For										
Depreciation	2,473	4,853	7,357	7,357	7,197	7,701	8,240	8,816	9,434	10,094
Interest expense	285	(197)	(2,637)	(2,637)	172	181	190	199	209	220
Other Income	(2,518)	(2,778)	(2,637)	(2,637)	(8,536)	(8,962)	(9,411)	(9,881)	(10,375)	(10,894)
Changes in WC	12,727	6,489	(149)	(149)	(1,238)	(1,459)	(1,717)	(2,017)	(2,367)	(2,774)
Direct Taxes Paid	(1,479)	(1,762)	(1,085)	(1,085)	4	(944)	(2,134)	(5,043)	(9,142)	(15,154)
Others	0	14,980	18,683	18,683	2,500	2,500	2,500	2,500	2,500	2,500
Net Cash from Op.	(12,363)	4,156	5,628	5,628	2,089	8,623	19,390	28,766	36,701	45,516
Cash flow from Investing										
Purchase of FA	(5,071)	(6,967)	(8,121)	(8,121)	(8,000)	(9,000)	(11,500)	(12,000)	(13,500)	(15,000)
Change in invest.	(96,322)	29,669	6,564	6,564	5,388	2,212	780	780	780	780
Others	46,507	3,553	4,737	4,738	(619)	(670)	(721)	(774)	(827)	(881)
Net Cash from Invest.	(54,886)	26,255	3,180	3,181	(3,232)	(7,458)	(11,442)	(11,994)	(13,547)	(15,101)
Cash flow from Financing										
Change in borrowings	(435)	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Change in Equity	83,067	(8,577)	13	13	0	0	0	0	0	0
Dividend Paid	0	0	0	0	0	0	0	0	(1,276)	(1,914)
Others	(2,097)	(2,546)	(234)	(233)	13,307	9,997	10,460	10,946	11,455	11,989
Net Cash from Fin.	80,535	(11,123)	(221)	(220)	13,304	9,994	10,458	10,944	10,177	10,073
Net Inc/(Dec) in Cash	13,286	19,288	8,587	8,589	12,162	11,159	18,406	27,716	33,331	40,488

Source: Company, YES Sec – Research, Consolidated Financials

Exhibit 11: Ratio analysis

Particulars	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Growth Matrix (%)										
Revenue from Ops.	77.5	60.6	24.9	(30.8)	23.0	24.1	23.0	18.9	16.7	16.7
Gross Profit	150.7	126.7	33.1	(28.7)	23.6	23.7	25.0	21.1	17.9	17.9
Operating Expense	71.9	46.1	14.1	(17.4)	(7.3)	11.0	9.6	9.6	9.7	9.7
EBITDA (Excl. ESOP Expense)	(7.5)	(88.5)	(418.2)	(223.6)	(147.5)	230.6	110.5	54.2	34.7	31.7
EBITDA*	32.4	(30.3)	(44.4)	66.1	(105.2)	965.7	143.6	60.9	37.3	33.5
EBIT	33.0	(18.2)	(22.4)	32.7	(70.6)	(110.2)	1,747.5	97.6	48.5	40.5
PBT	44.0	(26.0)	(21.8)	(52.1)	(130.1)	383.8	126.1	57.6	36.0	32.6
PAT	44.5	(25.0)	(21.5)	(51.9)	(129.4)	334.5	126.1	48.8	28.0	24.3
Net Worth	116.6	(8.0)	2.4	12.8	1.3	5.7	12.2	16.1	17.2	18.1
Margin (%)										
Gross Profit Margin	44.6	63.0	67.1	69.2	69.5	69.3	70.4	71.7	72.5	73.2
EBITDA (Excl. ESOP Exp.) Margin	(30.8)	(2.2)	5.6	(10.0)	3.9	10.3	17.6	22.9	26.4	29.8
EBITDA Margin	(47.0)	(20.4)	(9.1)	(21.8)	0.9	7.9	15.7	21.3	25.0	28.6
EBIT Margin	(52.0)	(26.5)	(16.5)	(31.6)	(7.6)	0.6	9.4	15.5	19.8	23.8
PBT Margin	(47.0)	(21.7)	(13.6)	(9.4)	2.3	9.0	16.5	21.8	25.4	28.9
PAT Margin	(47.3)	(22.1)	(13.9)	(9.6)	2.3	8.1	14.8	18.6	20.4	21.7
Return Ratios (%)										
RoE	(16.9)	(13.6)	(10.7)	(4.4)	1.3	5.4	10.9	13.9	15.2	16.0
RoAE	(23.2)	(13.1)	(10.8)	(4.7)	1.3	5.5	11.5	14.9	16.4	17.3
RoCE	(18.3)	(16.3)	(12.3)	(14.5)	(4.2)	0.4	6.7	11.4	14.5	17.2
RoACE	(24.4)	(15.6)	(12.5)	(15.4)	(4.2)	0.4	7.1	12.3	15.6	18.7
RoA	(13.3)	(9.9)	(7.6)	(3.1)	0.9	3.6	7.5	9.9	11.1	12.0
RoAA	(17.7)	(9.9)	(7.8)	(3.3)	0.9	3.7	7.8	10.5	11.8	12.8
Per Share (Rs)										
EPS	(36.9)	(28.0)	(22.4)	(20.8)	3.1	13.6	30.7	45.7	58.5	72.7
BVPS	218.1	205.3	209.5	471.1	238.7	252.2	282.9	328.6	385.1	454.8
DPS	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	2.0	3.0
Sales per share	76.6	126.0	156.9	216.3	133.1	165.2	203.1	241.4	281.6	328.8
EBITDA per share*	(23.6)	(2.8)	8.8	(21.7)	5.1	17.0	35.8	55.3	74.4	98.0
FCFF per share	(10.8)	2.7	7.2	(14.3)	(9.4)	0.5	13.2	27.7	38.4	50.6
FCFE per share	(12.1)	2.3	6.8	(14.8)	(9.6)	0.3	12.9	27.4	38.1	50.3
CFO per share	(19.0)	6.6	8.8	17.6	3.3	13.5	30.4	45.1	57.5	71.3
EV per share	1,181.5	1,162.8	1,143.8	2,154.8	1,060.8	1,045.6	1,016.7	973.3	921.1	857.6
Valuation (x)										
P/E	NA	NA	NA	NA	403.7	92.9	41.1	27.6	21.6	17.4
P/B	5.8	6.1	6.0	2.7	5.3	5.0	4.5	3.8	3.3	2.8
P/S	16.5	10.0	8.0	5.8	9.5	7.6	6.2	5.2	4.5	3.8
EV/EBITDA*	NA	NA	130.1	(99.5)	206.1	61.4	28.4	17.6	12.4	8.7
EV/CFO	NA	177.4	129.3	122.1	324.0	77.4	33.5	21.6	16.0	12.0
Yield (%)										
FCFF Yield	(0.9)	0.2	0.6	(1.1)	(0.7)	0.0	1.0	2.2	3.0	4.0
Dividend Yield	NA	NA	NA	NA	NA	NA	NA	NA	0.2	0.2

Source: Company, YES Sec - Research, Consolidated Financials, *EBITDA Before ESOP Expense

Exhibit 12: Balance Sheet - Assets

Rs mn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Assets										
Non-Current Assets										
Tangible As.	5616	8293	9309	6454	6416	7026	9258	11087	13483	16417
Intangible As.	3098	3394	2757	2555	3396	4086	5114	6469	8139	10111
Goodwill	443	443	443	0	0	0	0	0	0	0
Capital WIP	102	72	100	43	43	43	43	43	43	43
Investments	12295	15765	22943	25813	22016	21236	20456	19676	18896	18116
Oth. Non-curr.	50912	11800	14202	8767	8473	8179	7885	7591	7297	7003
Total Non-Cur.	72466	39767	49754	43632	40344	40570	42756	44866	47858	51690
Current Assets										
Investments	0	11206	23340	15908	14317	12885	12885	12885	12885	12885
Trade Rec.	7464	12528	16507	12969	14914	17152	19724	22683	26085	29998
Cash & Equiv.	52020	70395	67999	115572	127734	138893	157299	185015	218346	258835
Other Curr.	47966	45762	29328	26396	27309	28273	29289	30357	31477	32652
Total Current	107450	139891	137174	170845	184275	197204	219198	250940	288794	334371
Total Assets	179916	179658	186928	214477	224619	237773	261954	295806	336653	386061

Source: Company, YES Sec – Research, Consolidated Financials

Exhibit 13: Balance Sheet - Equity and Liabilities

Rs mn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Equity and Liabilities										
Share capital	649	634	636	638	638	638	638	638	638	638
Other equity	140,867	129,522	132,630	149,629	151,623	160,286	179,874	209,023	245,047	289,503
Net Worth	141,516	130,156	133,266	150,267	152,261	160,924	180,512	209,661	245,685	290,141
Non-cont. int.	(221)	(227)	(282)	(296)	(296)	(296)	(296)	(296)	(296)	(296)
Total Equity	141,295	129,929	132,984	149,971	151,965	160,628	180,216	209,365	245,389	289,845
Non-Current Liabilities										
Lease liabilities	1,822	1,876	1,449	1,214	1,238	1,263	1,288	1,314	1,340	1,367
Oth. Non-Curr.	3,474	2,984	1,805	1,428	3,938	6,449	8,960	11,471	13,982	16,493
Total Non-Cur.	5,296	4,860	3,254	2,642	5,177	7,712	10,248	12,785	15,322	17,861
Current Liabilities										
Borrowings	1	20	0	48	46	43	41	39	37	35
Trade payables	7,514	8,589	6,842	7,409	8,116	8,894	9,750	10,692	11,727	12,866
Oth. Curr.	25,810	36,260	43,848	54,407	59,316	60,495	61,698	62,925	64,177	65,454
Total Cur.	33,325	44,869	50,690	61,864	67,478	69,433	71,490	73,656	75,941	78,355
Total Liabilities	179,916	179,658	186,928	214,477	224,619	237,773	261,954	295,806	336,653	386,061

Source: Company, YES Sec – Research, Consolidated Financials

Exhibit 14: Sum of the Parts (SOTP) – Associates and Joint Ventures

Subsidiary	Market Cap / Assigned value (Rs mn)	Valuation metric	Metric value (Rs mn)	Trailing multiple (Implied / Assigned)	Stake (%)	Stake value (Rs mn)	Per share (Rs)
Paytm First Games	7,465	Sales	1,493	5.0	55%	4,106	6.3
Value of Associates/JV						4,106	6.3

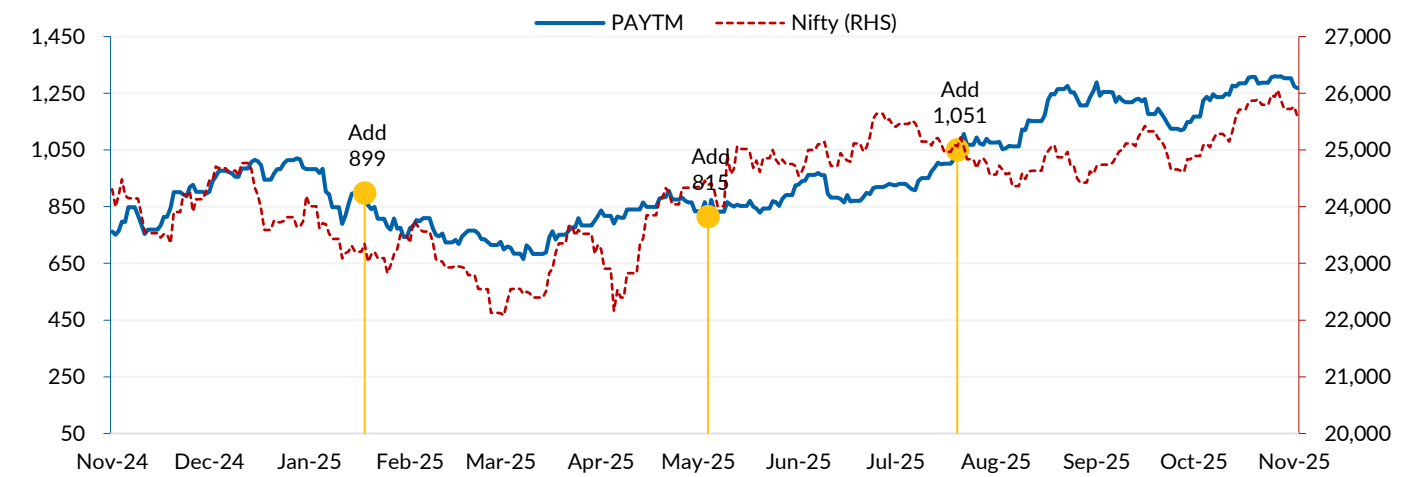
Source: Company, YES Sec – Research

Exhibit 15: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Total Revenue	93,423	114,339	138,991	96,364	119,891	144,314	(3.1)	(4.6)	(3.7)
EBITDA (Ex-OI)	3,284	10,856	22,856	3,080	12,475	23,895	6.6	(13.0)	(4.3)
PAT (Ex-As./JV)	1,955	8,494	19,204	3,028	11,156	21,404	(35.4)	(23.9)	(10.3)

Source: Company, YES Sec – Research

Recommendation Tracker



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