

25 November 2025

India | Equity Research | Company Update

One 97 Communications

Financial Services

Operating with a right balance of growth, retention and margins

Our positive stance on One 97 Communications (PAYTM) remains intact on the back of its significant earnings growth potential, stemming from: 1) likely growth in payments and loan distribution; 2) margin expansion prospects from a combination of product upgrades, improving UPI mix towards chargeable products, savings initiatives and operating leverage; and 3) presence of optionality through possible offerings, including traction in postpaid/wallet/international complemented by its diverse presence across the payment ecosystem. Given these levers, we consider risk-reward as favourable. There is also better success now in terms of product innovations, customer/merchant retention and free cash flow maximisation. Regulatory challenges, including its impact on loan growth, remain key risks.

Maintain BUY; target price revised to INR 1,450 (vs. INR 1,240)

We factor in ~23% CAGR in gross merchant value (GMV) between FY25–28E (66% CAGR between FY21–24; FY25 growth was 3% due to regulatory impact) and expect net payment take rates (ex-UPI and subscription incentive) to be ~2.9/3.3/3.6bps for FY26/27/28E. We estimate UPI incentives of INR 0.7bn in FY26/27/28E, similar to FY25. We factor in subscription revenue of INR 13.9bn/16.7bn/19.5bn in FY26/27/28E vs. ~INR 6.7bn in H1FY26. We expect financial services income of INR 25.1bn/32.1bn/39.7bn in FY26/27/28E vs. INR 11.8bn in H1FY26. This would include streams beyond loan distribution and also postpaid product contribution. We factor in marketing services revenue CAGR of ~12% between FY25–28E. Contribution margin (ex-UPI incentives) will likely be ~58%/57.4%/57.3% in FY26E/27/28E vs. H1FY26's 59.3%. Driven by strong optimisation, we peg fixed costs (including ESOPs) at ~INR 42.9bn/46.5bn/50.7bn in FY26E/27/28E vs. INR 21.4bn in H1FY26. We estimate EBITDA (with-ESOP) of INR 5.5bn/13.9bn/21.5bn for FY26/27/28. Strong other income is expected to lead to PAT of INR 6.1bn/15.3bn/22.3bn in FY26/27/28E.

We now value PAYTM basis 40x multiple as we roll forward to FY28E EBITDA of INR 21.5bn. We add cash of ~INR 130bn and arrive at a TP of INR 1,450 (earlier INR 1,240) basis diluted shares of 67.8mn. Maintain **BUY**.

Risks: Less-than-expected growth in GMV (factoring in FY25–28E GMV CAGR of ~23%) and financial services revenue (baking in FY25–28E CAGR of 25.8%) are key risks to earnings. Regulatory challenges, if any, could pose a risk to multiples as well as earnings.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	69,004	83,096	1,04,651	1,25,234
Contribution Margin	53.3	58.4	57.7	57.6
EBITDA	(15,065)	5,506	13,872	21,438
EBITDA Margin (%)	(21.8)	6.6	13.3	17.1
Adjusted Net Profit	(14,865)	8,161	15,261	22,299
Reported Net Profit	(6,632)	6,094	15,261	22,299
GMV (INR Bn)	18,870	23,588	29,484	35,381
Total Device Merchants (Mn)	12.4	15.0	17.7	20.5
Price/Sales (x)	12.4	10.3	8.2	6.8
Price/Book (x)	5.7	5.4	4.9	4.3

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Market Data

Market Cap (INR)	806bn
Market Cap (USD)	9,038mn
Bloomberg Code	PAYTM IN
Reuters Code	PAYT BO
52-week Range (INR)	1,354 /652
Free Float (%)	63.0
ADTV-3M (mn) (USD)	52.3

Price Performance (%)	3m	6m	12m
Absolute	(0.3)	49.4	39.9
Relative to Sensex	(4.7)	45.5	32.6

ESG Score	2023	2024	Change
ESG score	64.5	63.0	(1.5)
Environment	42.8	53.8	11.0
Social	68.1	62.7	(5.4)
Governance	73.7	68.5	(5.2)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

24-07-2025: [Q1FY26 results review](#)

12-05-2025: [Q4FY25 results review](#)

Operating metrics remain stable; greater focus on monetisation

Monthly Transaction Users (MTU) increased 1.4% QoQ to 75mn in Q2FY26, but still remain below its peak levels of 100mn seen in Q4FY25. As per management, the customers who have stayed back on the platform are higher quality customers and monetising these clients is the primary focus right now over aggressive acquisitions.

GMV for Q2FY26 was at INR 5.7trn (up 5.6% QoQ/27.5% YoY). GMV for H1FY26 is up 27.1% YoY at INR 11.1trn

Merchant additions: Total devices deployed, as of Q2FY26, stood at a record 13.7mn. New subscription-paying merchants continue to see strong growth, with 0.7mn new devices being deployed in Q2FY26 vs. 0.6mn in Q1FY26 and 1.4mn in Q3FY24 (last quarter, before RBI action). PAYTM continues to enhance operational efficiencies by lowering device costs and ramping up the refurbishment of old devices. This is reflected in lower capex (INR 3.17bn in FY25 and INR 2bn in H1FY26 vs. INR 8.14bn in FY24) despite significant device growth over last few quarters.

Financial services customer count: 6.5mn customers (consumers/merchants) availed loans, equity broking, and insurance via the platform in Q2FY26 vs. 5.6mn in Q1FY26.

Strong revenue trajectory sustains through payments and financial services; better margins in payments to aid earnings; resumption in postpaid could add volume ahead

Payment business sees uptick in margins driven by better product mix; this uptick has structural levers notwithstanding benefits in Q2

Gross payment's revenue increased 10% QoQ/21% YoY to INR 11.5bn. Gross payment's revenue, as a percentage of GMV, increased marginally to 20bps. Payment processing charges increased ~8.3% QoQ to INR 6.3bn. Reported net payment revenue, (including subscription and other operating income), stood at INR 5.94bn in Q2FY26 vs. INR 5.3bn in Q1FY26 (up 12.1%). Reported net payment margin stood at 10.4bps in Q2FY26 vs. 9.8bps in Q1FY26. Calculated net payment revenue (ex-subscription revenue, ex-UPI incentive and ex-other operating income) stood at INR 1.75bn in Q2FY26 vs. INR 1.38bn in Q1FY26 (up 26.4% QoQ). Calculated net payment margin increased to 3.1bps in Q2FY26 vs. 2.6bps in Q1FY26. In its Q2FY26 earnings call, management said that the higher net margin on payments (ex-subscription) was due to change in payment mix. PAYTM has partnered with many EMI issuers and is witnessing strong disbursements in this segment. Last quarter, PAYTM also received its Payment Aggregator (PA) license approval, which has allowed them to onboard new online merchants who have higher Merchant Discount Rate (MDR). Going ahead, PAYTM plans to engage in the omnichannel payments business; management believes the company has a phenomenal product market fit here. With omnichannel, there would be vast elements like spend analytics, settlement and payout; and all these services will likely start to show up as new revenue line items, aiding payment margins.

Steady increase in merchant additions; superior product to drive growth in merchant acquisitions

Total devices deployed, as of Q2FY26, stood at an all-time high of 13.7mn. New subscription-paying merchants continue to see strong growth with 0.7mn new devices being deployed in Q2FY26 vs. 0.6mn in Q1FY26 and 1.4mn in Q3FY24 (last quarter before RBI action). During Q2FY26, PAYTM reinforced its innovation leadership with the preview of India's first AI Soundbox, transforming the PAYTM Soundbox from a payment alert device into an intelligent business assistant which delivers real-time insights on payments and business performance to merchants.

Financial services revenue robust; while merchant credit is the bedrock, levers exist to drive additional growth in years ahead

Financial services revenue increased 62.5%/8.9% on a YoY/QoQ basis to INR 6.11bn. Growth was driven by: 1) continued expansion in merchant loans driven by growth in merchant device base and higher penetration; and 2) improved collection performance experience for partners. More than 50% of loans were issued to repeat borrowers underscoring high merchant stickiness and strong product-market fit. PAYTM continues to earn substantial collections bonuses, as their lending partners are experiencing better asset quality outcome, supported by PAYTM's advanced AI models that intelligently predict merchant churn and delinquencies, enabling proactive engagement and collections efforts.

In the consumer credit segment, the company relaunched its postpaid offering. The new postpaid offering is a 'spend now, pay next month' UPI overdraft for PAYTM customers – offered across merchants, both online and offline. This product offers up to 30 days of short-term credit from a bank partner, giving consumers the flexibility to spend instantly and repay the following month. The offering is currently being rolled out to a selected base with only thousands of customers. Currently, PAYTM has partnered with only one bank, as there are limitations from various banks in terms of their technology. PAYTM's new postpaid product offering is based on UPI credit; hence, it provides a more diverse acceptability compared to earlier. The yields on the new product as per management will likely be ~20bps +/- of the original postpaid product yield.

PAYTM also has enhanced its focus in PAYTM Money, on both mutual funds distribution and equity broking and is seeing improved monetisation across equity broking and margin trade funding (MTF).

Marketing services remain modest

In Q2FY26, marketing services' revenue stood at INR 2.27bn (down 7.5% QoQ). On a like-to-like basis, after adjusting for sale of the entertainment ticketing business in Q2FY25, revenue was down 15% YoY. PAYTM has optimized their consumer app properties, including showing simplified and targeted upsell offerings to their customers. This has led to a slight dip in marketing services revenue but also resulted in an increase in retention rates and a gain in consumer market share. GMV for ticketing, deals and gift vouchers, etc. stood at INR 19.49bn in Q2FY26 vs. INR 20.87bn in Q1FY26 (down 6.6% QoQ).

Contribution margin at 58.5% in Q2FY26 remains healthy

Contribution profit increased 4.7% QoQ to INR 12.1bn in Q2FY26. Contribution margin decreased marginally to 58.5% in Q2FY26 vs. 60.1% in Q1FY26 but remains in line with management guidance of high 50s. On a YoY basis, contribution margin is up ~470bps driven by; 1) improved net payment revenue (partly owing to early onset of festive season), and 2) higher share of financial services revenue. Direct expenses trends in Q2FY26 include:

- **Payment processing charges** increased 8.3% QoQ to INR 6.3bn
- **Promotional cashbacks and incentives** increased 35.1% QoQ to INR 0.5bn
- **Other direct expenses** increased 18.9% QoQ to INR 1.76bn.

Steady fixed costs boost profits

Fixed cost (incl. ESOPs) declined 1.4%/17.9% on a QoQ/YoY basis to INR 10.65bn. PAYTM continues to focus on expanding their platform through investment in marketing and sales employees. However, other portions of fixed costs have come down materially due to improved efficiencies on account of AI and lower ESOP costs. Management expects indirect expenses, as a percent of revenues, to remain low.

Costs highlights

- Marketing costs for consumer acquisition increased 14.6% QoQ to INR 0.72bn, as the company is seeing better retention cohorts and improved monetisation.
- Employee cost (incl. ESOPs) increased 3.2% QoQ to INR 6.6bn.
 - Sales employees cost – focuses on expanding merchant distribution network – has risen to INR 2.97bn (up 38% YoY). This increase is driven by increased market share and expansion in tier-2/3 cities to further increase monetisation.
 - Non-sales employee cost declined by 41% YoY to INR 3.65bn on account of lower ESOP cost, because of the voluntary surrender of ESOPs by Mr. Vijay Shekhar Sharma in Q4FY25, and improvement in productivity across businesses by leveraging AI.
- Software, cloud and data centre expenses declined by 20.7%/8.1% on a QoQ/YoY basis to INR 1.33bn on the back of improved commercials and efficiencies.
- Other expenses declined by 4.8%/12.1% on a QoQ/YoY basis to INR 1.97bn.

PAYTM reported positive EBITDA (including ESOPs) of INR 1.41bn and PAT (including ESOPs) of INR 2.11bn (adjusted for INR 1.9bn of impairment for First Games Technology). Reported PAT for PAYTM in Q2FY26 stood at INR 0.21bn.

PAYTM plans to expand internationally in coming years

PAYTM plans to expand its operations in select international markets. As per the company, their advanced technology stack of merchant payments and financial services, and their business model, has high monetisation potential. PAYTM's international expansion will likely leverage its existing technology, distribution, and operating strengths. Currently, it plans to pursue opportunities using the following business models –

- **Partner operated:** In this model, PAYTM intends to enter into technology partnerships with established local players. Under this model, PAYTM shall provide its proven payment acceptance platform and innovative payment devices, while the partner leads sales, distribution, and on-ground operations to serve MSMEs. PAYTM expects to monetize its technology contribution through licensing or revenue-sharing arrangements, including potential sweat equity or strategic shareholding, with minimal capital deployment. This approach is similar to the successful partnership model deployed with PayPay.
- **PAYTM operated:** In the model, PAYTM would target select markets, with attractive payment margins, large proven profit pool and moderate operational overheads. PAYTM may pursue its business activities through wholly owned or majority-controlled entities.

Cash balance remains strong

Cash balance for PAYTM stood at INR 130.6bn, as on Q2FY26, compared to INR 128.7bn, as on Q1FY26, and INR 10bn, as on Q2FY25. The above excludes PAYTM Money Ltd (PML) customer funds and merchant funds in escrow and nodal accounts.

We estimate PAYTM to reach PAT of ~INR 15bn/INR 22bn in FY27/FY28; walkthrough of key assumptions

GMV: PAYTM's GMV has grown by 27.1% in H1FY26 and stands at INR 11.1trn. We expect GMV to sustain this growth momentum and estimate it to be INR 23.6trn/29.5trn/35.4trn in FY26/27/28.

Net payment margin: We estimate net payment margin (ex-UPI incentive and subscription charges) to be 3bps/3.3bps/3.6bps in FY26/27/28 vs. 2.9bps in H1FY26. We factor in a slight rise in margin, basis management's guidance of higher net payment margin because of credit card, EMIs, and other high-margin processing payment instruments. We factor in UPI incentive of INR 0.7bn in FY26/27/28E, similar to FY25.

Merchant devices: PAYTM's merchant devices increased by 1.3mn in H1FY26, now stands at 13.7mn. We estimate 2.6mn/2.7mn/2.8mn new device additions in FY26/27/28.

Payment revenue: We estimate gross payments revenue of INR 47.1bn/60.4bn/71.9bn in FY26/27/28 vs. INR 38.8bn in FY25 and INR 21.9bn in H1FY26. We estimate net payments revenue (ex-UPI incentive and subscription revenue) of INR 6.7bn/9.6bn/12.7bn in FY26/27/28 vs. INR 5.8bn in FY25 and INR 3.12bn in H1FY26.

Financial services revenue: We estimate total revenue from financial services to be INR 25.1bn/32bn/39.7bn in FY26/27/28 vs. INR 17bn in FY25 and INR 11.8bn in H1FY26. We expect distribution of other financial services (broking/insurance) to be ~20–22% of total financial services revenue in FY26/27/28E.

Marketing services revenue: We estimate total revenue in this segment to be INR 9.1bn/10.2bn/11.4bn in FY26E/27/28E vs. INR 11.5bn in FY25 and INR 4.7bn in H1FY26.

Contribution margin (ex-UPI Incentive) increased in H1FY26 to 59.3% vs. 54.4% in Q4FY25 and 52.8% in FY25. We factor in contribution margin (ex-UPI incentive) of 58%/57.4%/57.3% in FY26/27/28E. We base our contribution margin in line with management's guidance of contribution margin sustaining in the 50s going ahead.

Fixed costs have seen strong optimisation (AI initiatives have been an instrumental driver) since the start of FY25. H1FY26 reported fixed costs including-ESOPs of INR 21.5bn. Management has guided that the company shall continue to find new ways of optimisation to reduce costs, not necessarily in people, but on operating costs that are beyond people cost. We estimate fixed cost (including ESOPs) of INR 42.9bn/46.5bn/50.6bn in FY26/27/28 vs. INR 51.8bn in FY25.

EBITDA: We estimate EBITDA to be INR 5.5bn/13.8bn/21.5bn in FY26/27/28 vs. INR (15.1bn) in FY25 and INR 2.12bn in H1FY26.

Other income: We expect other income of INR 9.3bn/10.2bn/11.2 in FY26/27/28E vs. INR 4.6bn in H1FY26 and INR 7.24bn in FY25 driven by high cash balance.

Depreciation: We estimate depreciation to be INR 6.2bn/6.7bn/7.3bn in FY26/27/28E vs. INR 6.7bn in FY25 and INR 3bn in H1FY26. The decline in depreciation's run-rate is driven by reduction in capex due to refurbishments of existing soundboxes.

PAT: We arrive at PAT (including ESOPs) of INR 6.1bn/15.3bn/22.3bn in FY26/27/28E. FY26E PAT includes one-time impairment of INR 1.9bn of loan to First Games Technology Pvt. Ltd. done in Q2FY26 and impairment of INR 0.17bn done in Q1FY26. Adjusted for these, FY26E PAT stands at INR 8.2bn.

Exhibit 1: Q2FY26 Result Review

INR mn	Q2FY25	Q1FY26	Q2FY26	QoQ Growth	YoY Growth
Payments business					
GMV (INR mn)	44,70,000	54,00,000	57,00,000	5.6%	27.5%
Revenue from Payment Services	9,460	10,440	11,460	9.8%	21.1%
Subscription charges	2,800	3,250	3,425	5.4%	22.3%
No of Device (mn)	11.2	13.0	13.7		
Additions	0.3	0.6	0.7		
Revenue Per Device	250	250	250		
UPI Incentive	-	-	-		
Revenue from Payment Services (ex-Sub/incentive)	6,660	7,190	8,035	11.8%	20.6%
Gross Take rate	0.149%	0.133%	0.141%		
Payment processing charges	5,168	5,809	6,290	8.3%	21.7%
% of GMV	0.116%	0.108%	0.110%		
Net Payment Revenue	1,492	1,381	1,745	26.4%	17.0%
Net Take rate	0.033%	0.026%	0.031%		
Financial Services					
Total Loans Disbursed	52,800	-	-		
Instant personal loans (INR Mn)	19,770	-	-		
Merchant cash advance loans (INR Mn)	33,030	-	-		
Revenue from Financial Services	3,760	5,610	6,110	8.9%	62.5%
Loan Take Rate %	7.1%				
Total Cloud and Commerce Revenue	3,015	2,455	2,270	-7.5%	-24.7%
Other Operating Revenue	360	670	770	14.9%	113.9%
Total Operating Revenue	16,595	19,175	20,610	7.5%	24.2%
Growth YoY					
Direct Expenses	7,658	7,659	8,550	11.6%	11.6%
Contribution	8,937	11,516	12,060	4.7%	34.9%
Contribution Margin	53.9%	60.1%	58.5%		
Contribution Margin (ex upi)	53.9%	60.1%	58.5%		
Other expenses (Fixed Cost) (Incl ESOP)	12,970	10,801	10,650	-1.4%	-17.9%
EBITDA	-4,033	715	1,410		
Growth YoY					
Depreciation	1,786	1,661	1,370	-17.5%	-23.3%
Finance cost	34	40	50		
Other Income	1,745	2,414	2,220	-8.0%	27.2%
Share of Asso	43	4	-10		
PBT	-4,065	1,432	2,200		
Exceptional items	13,454	-167	-1,900		
PBT after Exceptional items	9,389	1,265	300		
Tax	89	40	90		
Tax Rate %	0.9%	3.2%	30.0%		
PAT	9,300	1,225	210		
PAT Adjusted for ESOPs and Exceptional	-1,974	1,692	2,110		

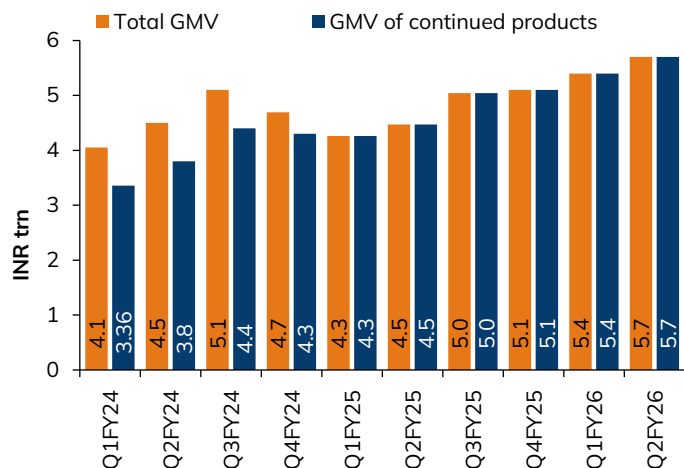
Source: I-Sec research, Company data

Exhibit 2: Estimates for PAYTM

INR mn	FY25	Q1FY26	Q2FY26	FY26E	FY27E	FY28E
Payments business						
GMV (INR mn)	1,88,70,000	54,00,000	57,00,000	2,35,87,500	2,94,84,375	3,53,81,250
Growth YoY	2.9%			25.0%	25.0%	20.0%
Revenue from Payment Services	38,790	10,440	11,460	47,128	60,309	71,827
Growth YoY	-36.7%			21.5%	28.0%	19.1%
Subscription charges	11,005	3,250	3,425	13,974	16,677	19,482
No of Device (mn)	12	13.0	13.7	15	18	21
Additions	1.7	0.6	0.7	2.6	2.7	2.8
Revenue Per Device	887	250	250	932	942	950
UPI Incentive	700	-	-	700	700	700
Revenue from Payment Services (ex-Sub/incentive)	27,085	7,190	8,035	32,454	42,932	51,645
Gross Take rate	0.144%	0.133%	0.141%	0.138%	0.146%	0.146%
Payment processing charges	21,247	5,809	6,290	25,710	33,317	38,919
% of GMV	0.113%	0.108%	0.110%	0.109%	0.113%	0.110%
Net Payment Revenue	5,838	1,381	1,745	6,743	9,614	12,726
Net Take rate	0.031%	0.026%	0.031%	0.029%	0.033%	0.036%
Revenue from Financial Services	17,030	5,610	6,110	25,059	32,040	39,681
Loan Take Rate %	7.9%			7.5%	7.0%	6.4%
Total Cloud and Commerce Revenue	11,584	2,455	2,270	9,070	10,186	11,398
Growth YoY	-33.4%			-21.7%	12.3%	11.9%
Other Operating Revenue	1,600	670	770	1,840	2,116	2,328
Growth YoY	48.1%			15.0%	15.0%	10.0%
Total Operating Revenue	69,004	19,175	20,610	83,096	1,04,651	1,25,234
Growth YoY	-30.8%			20.4%	25.9%	19.7%
Direct Expenses	32,207	7,659	8,550	34,599	44,248	53,160
Contribution	36,797	11,516	12,060	48,497	60,403	72,074
Contribution Margin	53.3%	60.1%	58.5%	58.4%	57.7%	57.6%
Contribution Margin (ex upi)	52.8%	60.1%	58.5%	58.0%	57.4%	57.3%
Growth YoY	-33.6%			31.8%	24.5%	19.3%
Other expenses (Fixed Cost)	51,862	10,801	10,650	42,991	46,531	50,636
EBITDA	-15,065	715	1,410	5,506	13,872	21,438
Margin %	-21.8%	3.7%	6.8%	6.6%	13.3%	17.1%
Depreciation	6,726	1,661	1,370	6,188	6,683	7,351
Finance cost	164	40	50	177	191	203
Other Income	7,245	2,414	2,220	9,274	10,201	11,221
Share of Asso	25	4	-10	-	-	-
PBT	-14,685	1,432	2,200	8,415	17,199	25,105
Exceptional items	8,233	-167	-1,900	-2,067	-	-
PBT after Exceptional items	-6,452	1,265	300	6,348	17,199	25,105
Tax	180	40	90	254	1,938	2,805
Tax Rate %	-2.8%	3.2%	30.0%	4.0%	11.3%	11.2%
PAT	-6,632	1,225	210	6,094	15,261	22,299
PAT Adjusted for Exceptional	-14,865	1,392	2,110	8,161	15,261	22,299

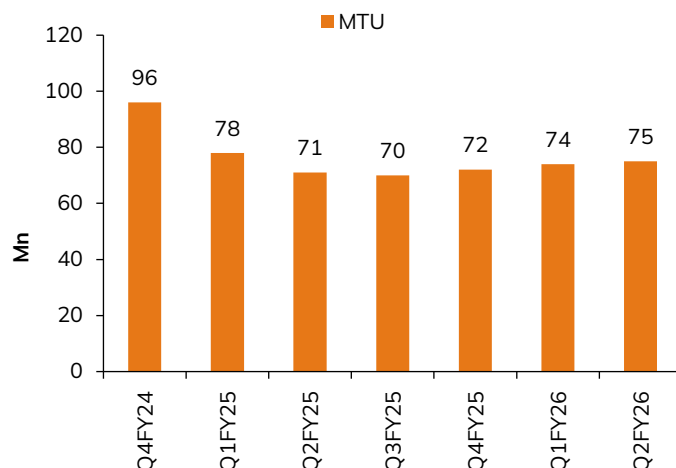
Source: I-Sec research, Company data

Exhibit 3: GMV trend for PAYTM



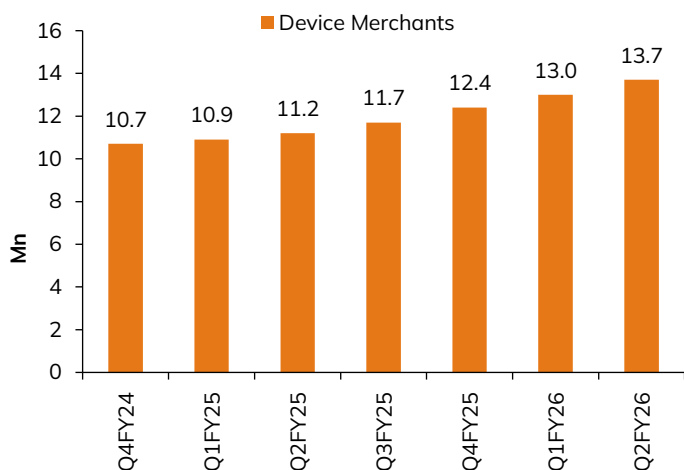
Source: I-Sec research, Company data

Exhibit 4: MTU is starting to pick up



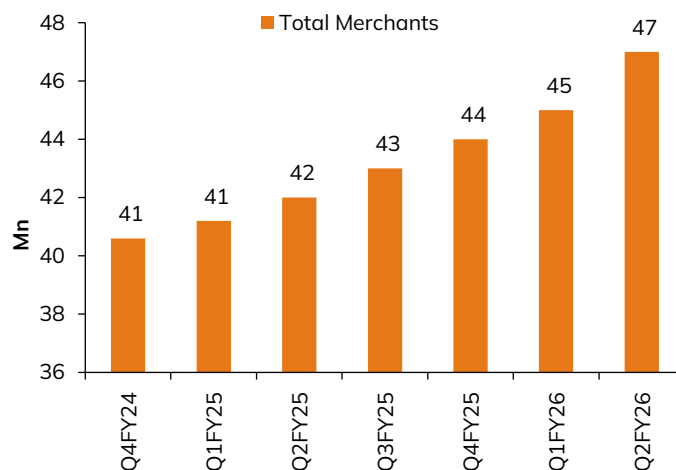
Source: I-Sec research, Company data

Exhibit 5: Total device merchants with PAYTM



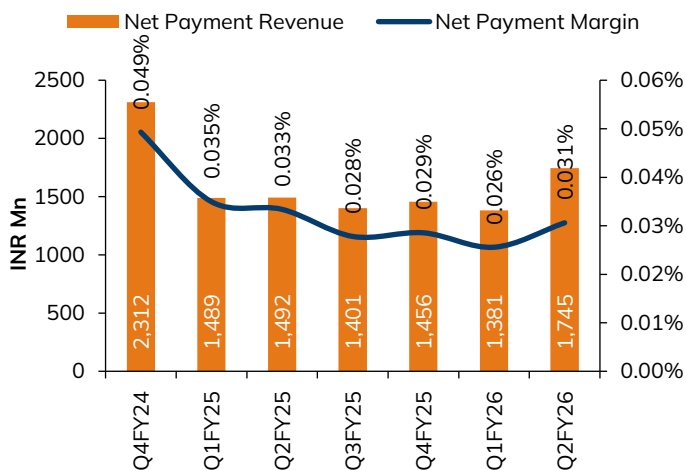
Source: I-Sec research, Company data

Exhibit 6: Total Merchants with PAYTM



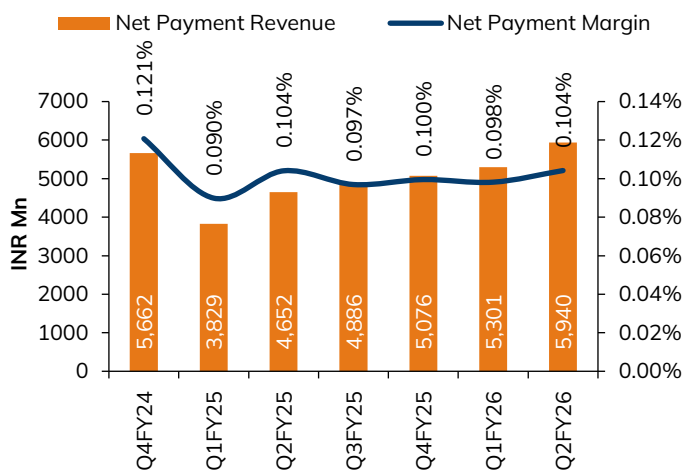
Source: I-Sec research, Company data

Exhibit 7: Calculated Net Payment revenue and Margin

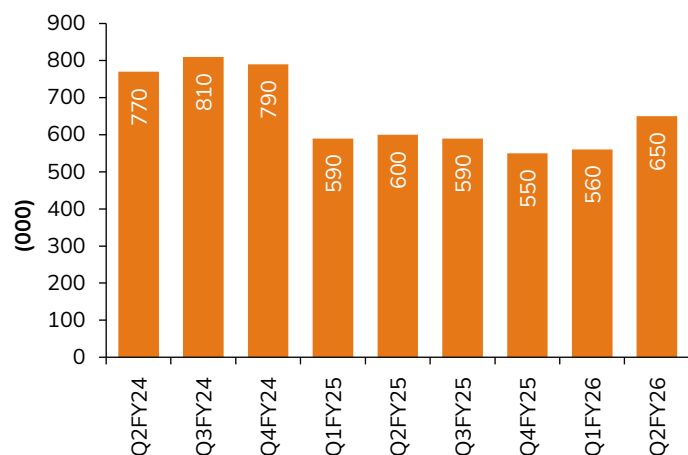


Source: I-Sec research, Company data

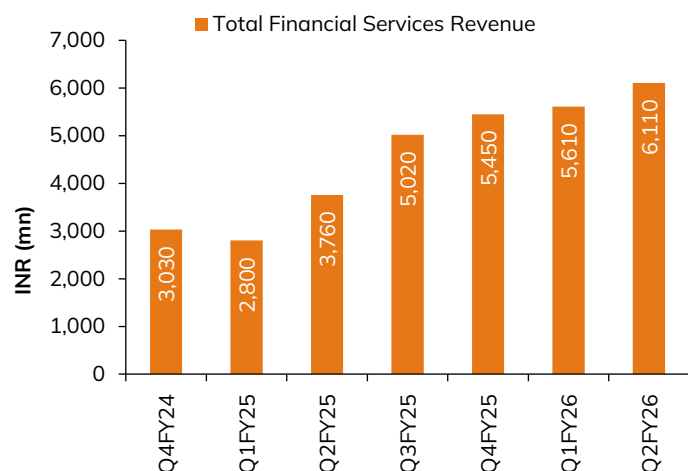
Exhibit 8: Reported Net Payment revenue and Margin



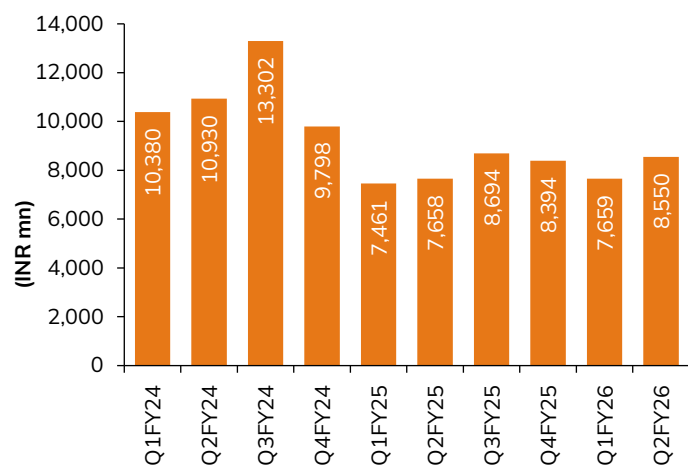
Source: I-Sec research, Company data

Exhibit 9: Number of payments customers to whom financial services were cross-sold

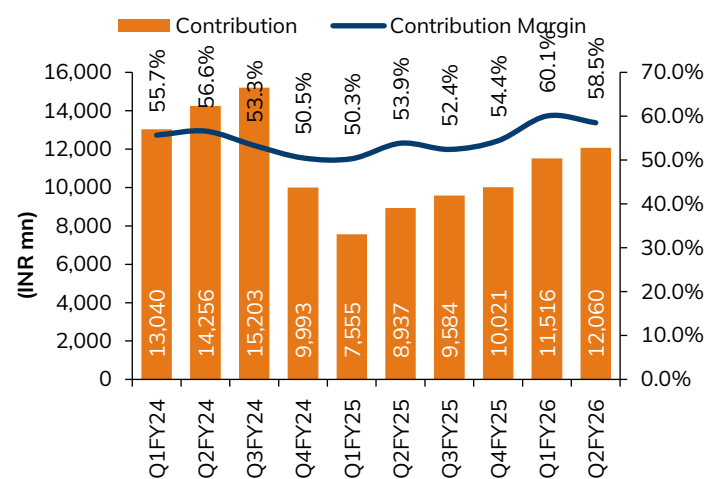
Source: I-Sec research, Company data

Exhibit 10: Total Financial services revenue for PAYTM

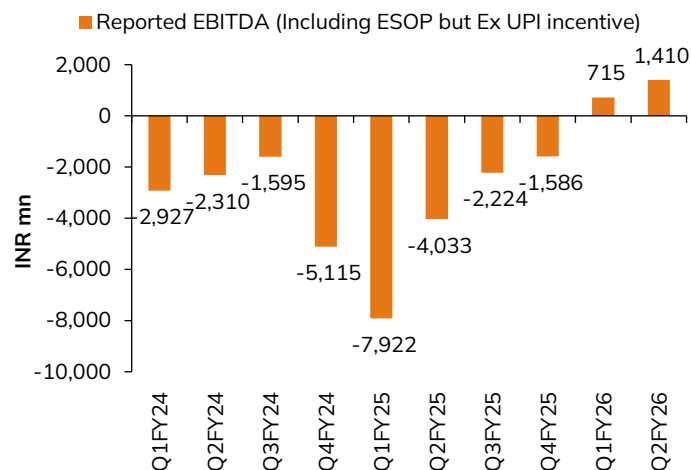
Source: I-Sec research, Company data

Exhibit 11: Direct expenses have decreased because of stoppage of DLG loans

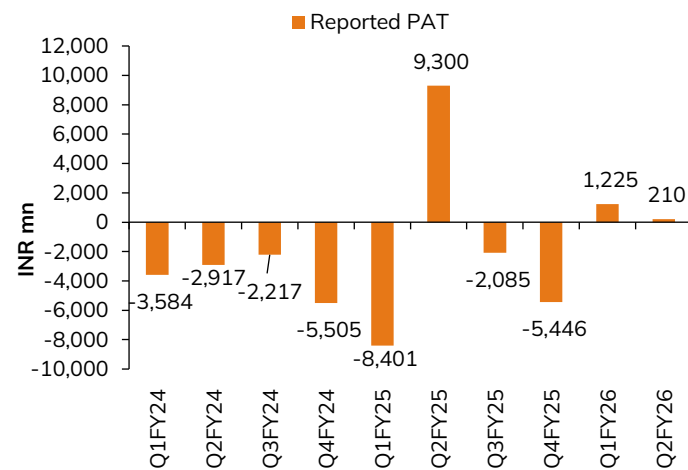
Source: I-Sec research, Company data

Exhibit 12: Contribution margin (ex of UPI Incentive) trend

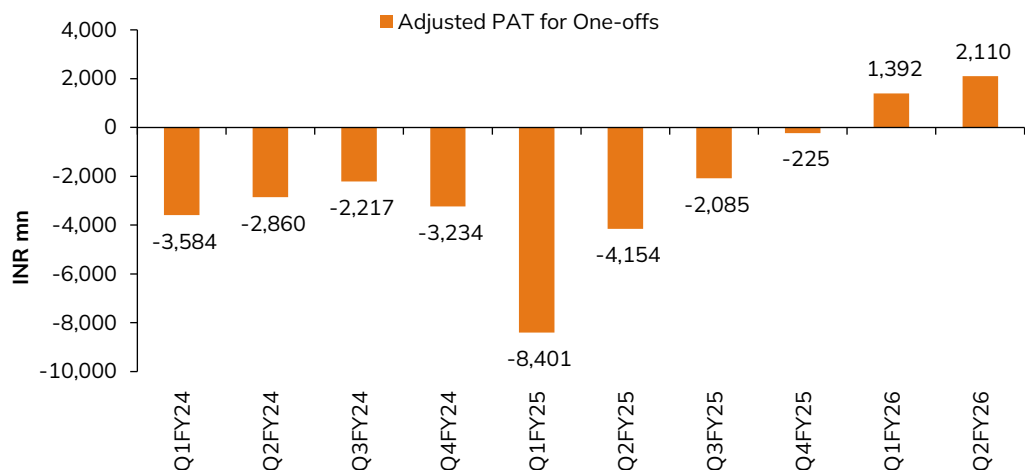
Source: I-Sec research, Company data

Exhibit 13: Reported EBITDA (Including ESOPs but Ex of UPI Incentive) trend

Source: I-Sec research, Company data

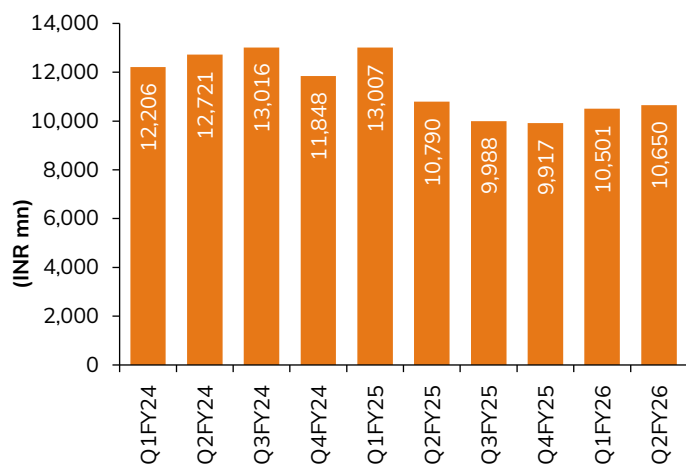
Exhibit 14: Reported PAT trend

Source: I-Sec research, Company data

Exhibit 15: Adjusted PAT for One-offs trend

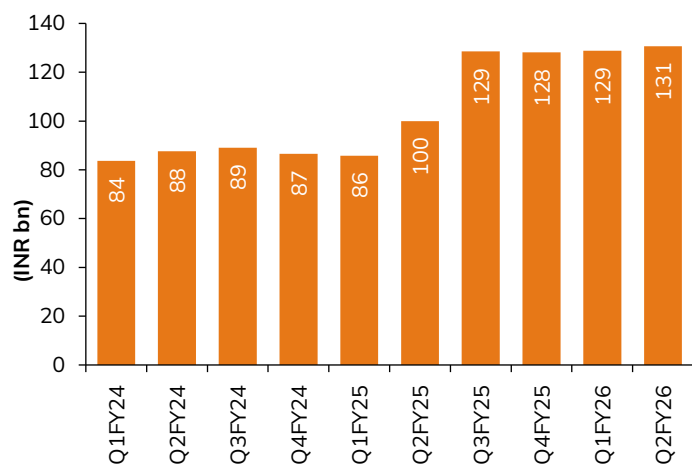
Source: I-Sec research, Company data

Note: (Include ESOP cost)

Exhibit 16: Fixed costs are declining due to strong cost optimisation

Source: I-Sec research, Company data

Note: Before Q2FY26, ESOP is excluded in fixed cost

Exhibit 17: Cash balance for PAYTM increased post sale of PayPay stake

Source: I-Sec research, Company data

Exhibit 18: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	0.0	0.0	0.0
Institutional investors	69.4	70.6	71.6
MFs and others	13.1	13.9	16.3
FIs/Banks	0.5	0.4	1.0
Insurance	0.5	1.4	2.7
FIIIs	55.4	54.9	51.7
Others	30.6	29.4	28.4

Source: Bloomberg, I-Sec research

Exhibit 19: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 20: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	69,004	83,096	1,04,651	1,25,234
Operating Expenses	51,862	42,991	46,531	50,636
EBITDA	(15,065)	5,506	13,872	21,438
EBITDA Margin (%)	(21.8)	6.6	13.3	17.1
ESOPs	8,160	1,200	1,000	800
Adjusted EBITDA (Ex ESOPs)	(6,905)	6,706	14,872	22,238
Adjusted EBITDA Margin	(10.0)	8.1	14.2	17.8
Depreciation & Amortization	6,726	6,188	6,683	7,351
EBIT	(21,791)	(682)	7,189	14,086
Interest expenditure	164	177	191	203
Other Non-operating Income	7,245	9,274	10,201	11,221
Share from Associates	25	-	-	-
Reported PBT	(14,710)	8,415	17,199	25,105
Extraordinaries (Net)	8,233	(2,067)	-	-
Net Income (Reported)	(6,632)	6,094	15,261	22,299
Net Income (Adjusted)	(14,865)	8,161	15,261	22,299

Source Company data, I-Sec research

Exhibit 21: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	1,54,937	1,54,283	1,71,933	1,96,897
of which cash & cash eqv.	1,15,572	1,12,861	1,27,951	1,49,357
Total Current Liabilities & Provisions	61,864	68,620	76,590	84,687
Net Current Assets	93,073	85,663	95,343	1,12,210
Investments	41,721	53,889	59,520	64,717
Net Fixed Assets	8,614	10,301	10,407	10,523
Other assets	9,205	10,311	11,435	12,661
Deferred Tax assets	-	-	-	-
Total Assets	1,52,613	1,60,164	1,76,705	2,00,111
Liabilities				
other Liabilities	2,642	2,887	3,156	3,451
Equity Share Capital	638	644	651	657
Reserves & Surplus	1,49,629	1,56,916	1,73,151	1,96,211
Total Net Worth	1,50,267	1,57,560	1,73,802	1,96,868
Minority Interest	(296)	(284)	(253)	(209)
Total Liabilities	1,52,613	1,60,164	1,76,705	2,00,111

Source Company data, I-Sec research

Exhibit 22: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Growth Ratios (In %)				
GMV	2.9	25.0	25.0	20.0
Loans	(58.7)	55.0	36.5	35.3
Total revenue from operations	(30.8)	20.4	25.9	19.7
Contribution Profit	(33.6)	31.8	24.5	19.3
Adjusted EBITDA	(217.4)	(202.3)	121.8	49.5
As a % of GMV				
GMV (INR Bn)	18,870	23,588	29,484	35,381
Revenue from operations	0.366	0.352	0.355	0.354
Payment processing charges	0.113	0.109	0.113	0.110
Contribution	0.195	0.206	0.205	0.204
Adjusted EBITDA	(0.035)	0.028	0.050	0.063
Margins (in %)				
Contribution margin	53	58	58	58
EBITDA margin	(22)	7	13	17
Adjusted EBITDA margin	(9.5)	8.1	14.2	17.8
PAT margin	(9.6)	7.3	14.6	17.8
ROE	(4.7)	4.0	9.2	12.0
Per Share Ratios				
EPS (Basic)	(10.4)	9.4	23.4	33.8
EPS (Diluted)	(9.7)	8.9	22.4	32.7
BVPS	221.3	232.0	256.0	289.9
EBITDA per share	(22.2)	8.1	20.4	31.6
Op. revenue per share	101.6	122.4	154.1	184.4
Valuation ratios				
Price / Sales	12.4	10.3	8.2	6.8
Price / Book	5.7	5.4	4.9	4.3

Source Company data, I-Sec research

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