

One 97 Communications Ltd Paytm



One 97 Communications Ltd (Paytm)

Issue Opens On
November 08, 2021

Issue Closes On
November 10, 2021

Price Band (INR)
2080 – 2150

Issue Size (INR Mn)
1,83,000

Rating
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One 97 Communications Ltd, incorporated in 2000, is India's leading digital ecosystem for merchants and consumers. As of FY2021, the company had a 333 million+ client base and more than 21 million registered merchants who use its payment services, financial services, and commerce and cloud services. In 2009, the company launched the first digital mobile payment platform, "Paytm App" to offer cashless payment services to customers and currently it is India's largest, most versatile and trusted payment platform. It is also the most valuable payments brand with a total brand value of US\$6.3 billion as per Kantar BrandZ India 2020 Report.

OFFER STRUCTURE

Particulars	IPO Details
No. of shares under IPO (K)	87,980 – 85,116
Net offer (shares in K)	87,980 – 85,116
Price band (INR)	2080 – 2150
Post issue MCAP (INR Mn)	~ 1,480,000

Source: IPO Prospectus, KRChoksey Research

Indicative Timetable	
Offer Closing Date	November 10, 2021
Finalization of Basis of Allotment with Stock Exchange	On or about 15th November 2021
Initiation of Refunds	On or about 16th November 2021
Credit of Equity Shares to Demat accounts	On or about 17th November 2021
Commencement of Trading of Eq.shares on NSE	On or about 18th November 2021

Source: IPO Prospectus

Issue	*Shares (K)	INR Mn	%
QIB	63,116	137,250	75%
NIB	12,767	27,450	15%
Retail	8512	18,300	10%
Employee	-	-	-
Net Offer	85,116	183,000	100%

Source: KRChoksey Research *at upper price band

Objects of the Offer: The net proceeds will be utilized for the following purpose
Funding organic and inorganic growth initiatives to the tune of INR 63 bn
Meet general corporate purposes

Shareholding Pattern	Pre-Issue (%)	*Post-Issue (%)
Promoters & Promoters Group	-	-
Public	100	100
Non-Promotor – Non-Public	-	-
Total	100	100

Source: KRChoksey Research

*Post Issue at upper price band

Particulars (INR Mn)*	FY19	FY20	FY21
Revenue	35,797	35,407	31,868
EBITDA	-41,642	-25,975	-15,962
EBITDA Margin	-116.33%	-73.36%	-50.08%
PAT	-42,309	-29,424	-17,010
PAT Margin	-118.19%	-83.10%	-53.37%
Net Worth	57,249	81,052	65,348
RONW	-73%	-35.1%	-26%

Source: IPO Prospectus, * Restated Statement

One 97 Communications Ltd (Paytm)

Company Overview

One 97 Communications Ltd, incorporated in 2000, is India's leading digital ecosystem for merchants and consumers. As of FY2021, the company had a 333 million+ client base and more than 21 million registered merchants who use its payment services, financial services, and commerce and cloud services. In 2009, the company launched the first digital mobile payment platform, "Paytm App" to offer cashless payment services to customers and currently it is India's largest, most versatile and trusted payment platform. It is also the most valuable payments brand with a total brand value of US\$6.3 billion as per Kantar BrandZ India 2020 Report.

The app enables customers to do cashless transactions at stores, top-up mobile phones, online money transfers, pay bills, access digital banking services, purchase tickets, play games online, buy insurance, make investments, and more. Merchants can use the platform for advertising, online payment solutions, offering products to customers, and loyalty solutions.

Company derives its revenues from 4 broad business segments

1.Payment Services

- It charges Transaction charges also known as merchant fee which is based on percentage of Gross Merchant Value (GMV)
- Consumer convenience fees
- Subscription fees : Merchant establishments are charged for using certain products and services including Paytm sound box and POS

2.Financial Services

- It has different mode of charging fee depending upon the kind of services availed.
- In marketing and distribution of credit cards it charges on two counts:- one time distribution fee per card issued and % of annual card spend on the issued card on annual basis.
- On Insurance policies, it gets a commission fee
- In lending business it gets paid on two counts. First is deal sourcing fee which is paid by lending institution at the time of disbursal and second is collection fee from lender.

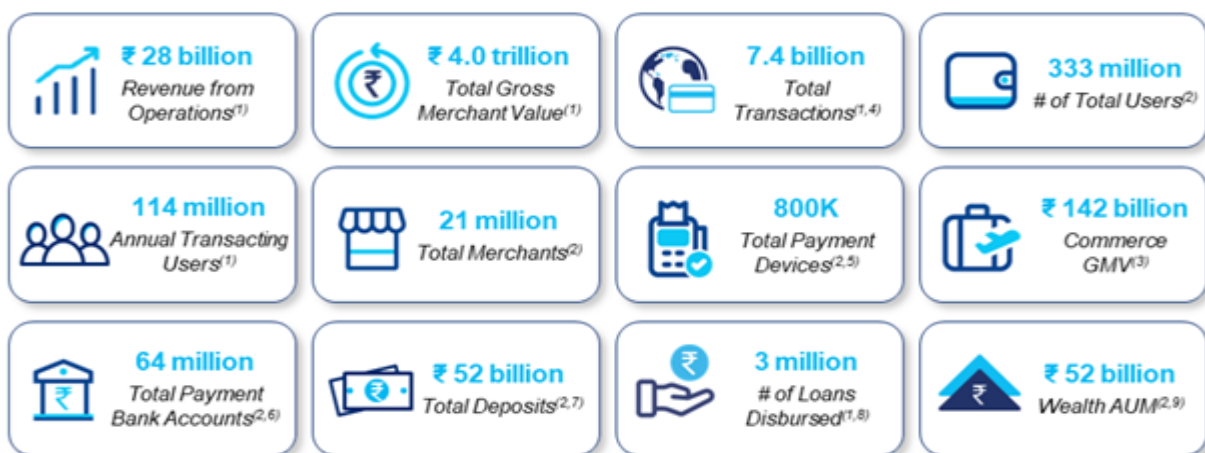
3.Commerce Services

- It charges convenience fee from consumers
- Charges transaction fee from merchants on tickets for entertainment, travel and other such services

4.Cloud Services

- It charges subscription fee which can be either fixed or variable based on volume on the platform

Latest key numbers:- Quick Glance



Source: Company, KRChoksey Research

Note:

(1) For FY 2021. (2) As of March 31, 2021. (3) For FY 2020. Commerce GMV for the year FY 2021 was ₹42 billion. (4) Includes transactions made to merchants on our ecosystem and consumer-to-consumer payments such as money transfers. (5) Includes POS and Soundbox. (6) Includes Paytm Payments Bank's savings and current accounts. (7) Includes Paytm Payments Bank's savings and current account balance, fixed deposit (through financial institution partners) and wallet balance. (8) Includes personal loans, merchant lending and postpaid offered through Paytm Payments Bank's financial institution partners. (9) Includes mutual fund, stock broking and gold AUM.

One 97 Communications Ltd (Paytm)

Understanding Revenue Streams

For FY21, revenue from financial services contributed miniscule portion of overall revenues, hence company discloses its revenues under two heads being A) Payment and Financial Services, and B) Commerce and Cloud Services

A) Payments and Financial services

Services and products under payment services includes:-

1	Merchant payment services	5	Money transfer
2	Paytm Business app	6	Bill Payment
3	Paytm sound box	7	Merchant Payment
4	QR code	8	Digital Wallets

Payments is a major revenue contributor for Paytm and its ecosystem has a customer base of more than 33 crores (monthly active users of 5 cr and annual transacting user base of more than 11 cr) and more than 2 cr merchants. Close to 1/3rd of these merchants are registered on the business app of the company.

Gross Merchandise Value (GMV), which is P2M transaction, for the company stood at INR4tn by value (displaying a growth of 33% CAGR over last 3 years).

The overall transactions made through Paytm platform were 7.4bn (including P2P) and 5.9bn of merchant transactions.

According to Redseer, Paytm had ~40% market share of consumer to merchant's payment by volumes and 65-70% market share in payments made by consumer to merchant's through wallet (volumes). Paytm earns revenue through (a) transaction fee charged to merchants, (b) consumer convenience fees and (c) recurring subscription fees from merchants for Paytm Sound box, POS and other applications.

For FY21, Paytms' payments and financial services revenue grew at a 12% CAGR over a period from FY19 to FY21 and contributed to 75% of overall revenues in the year FY21.

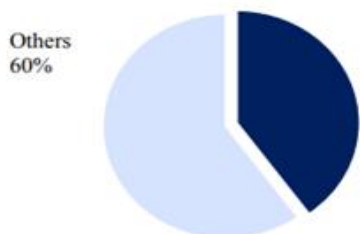
To generate more revenues from the ecosystem, company introduced various offerings in this category of financial services which includes insurance, equity broking, credit and wealth advisory in last three years. Benefits of this will be visible in coming years only as currently they are in early stage.

Pandemic related protocols impacted companies from both sides. On one hand it benefited by the boost that mobile payments received which resulted into GMV growth of 33% CAGR over FY19-21 and on the other hand it saw decline in revenues from cloud and commerce services as some of the key segments (viz. travel, hospitality) in clouds and commerce were highly impacted negatively.

Paytm: Maintaining its market leadership

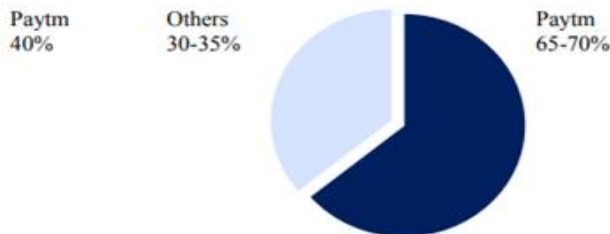
Consumer to Merchant

By Transaction Volume (FY 2021)



Consumer to Merchant Wallet Transactions

By Transaction Volume (FY 2021)

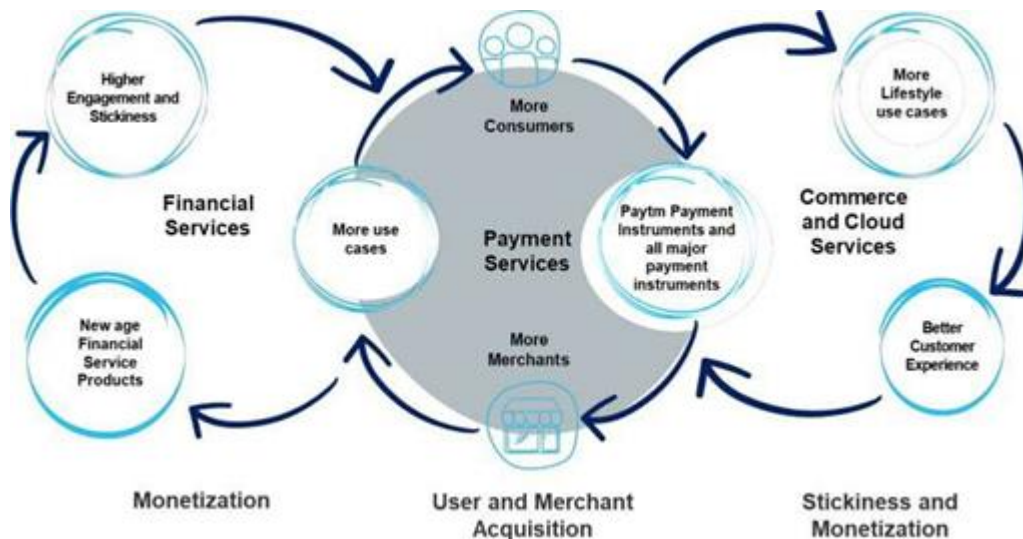


Source: Company, KRChoksey Research

One 97 Communications Ltd (Paytm)

Key growth drivers for Payments segment

The most important growth driver in this segment over a period of time will be how efficiently and effectively company is able to reap the benefits of “Network effect.”



Source: USDA, KRChoksey Research

Further drilldown reveals that it will be a function of following parameters which have their own dynamics. It includes-

- Merchant acquisition
- On boarding of consumers
- Retention of consumers
- Gross Merchandise Value (GMV)
- Take Rate
- Net Spread

Services and products under financial services includes:-

Credit Tech- Credit for merchants and consumers	Personal loans	Wealth advisory – Gold, mutual funds, equity broking	Insurance broking: is a registered insurance broker for life and non-life insurance products.
Paytm postpaid – buy now pay later product. It offers a credit limit of upto INR 60,000 for a maximum period of 30 days	Merchant Lending:- Paytm merchant customers can avail unsecured business loan from partner financial institutions.	Credit cards – Co –branded credit cards with SBI and HDFC Bank	

Source: Company, KRChoksey Research

B) E-commerce and Cloud Services

The stream has three components:-

- e-commerce services
- Cloud services
- Marketing campaigns

One 97 Communications Ltd (Paytm)

Services and products under financial services includes:-

1	Ticketing – Entertainment	3	Advertisement
2	Ticketing - Travel	4	Gaming

Source: USDA, KRChoksey Research

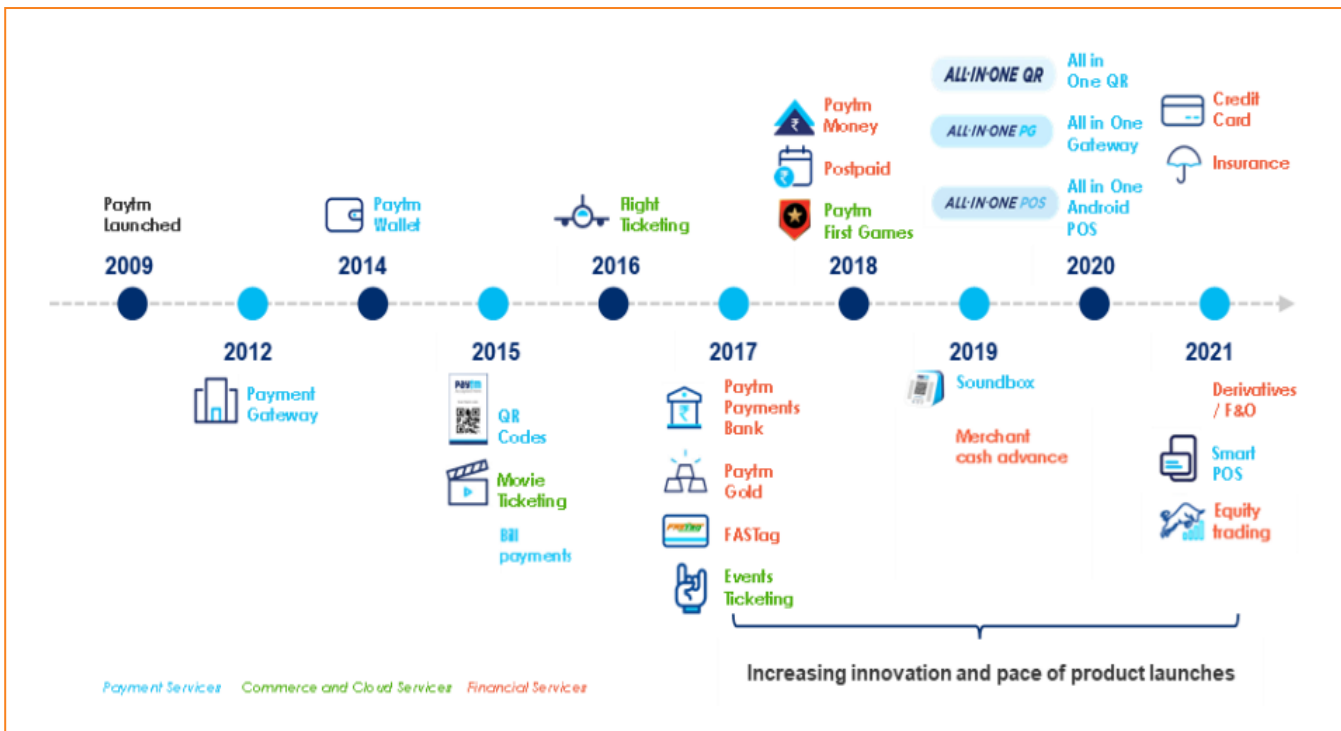
In ecommerce space company generates revenues by levying transaction charges on merchants for travel, entertainment and ticketing, and other products that are offered through Paytm's platform. Company also charges consumers a convenience fee, which is typically linked to a percentage of transaction value,

Under cloud services, Paytm offers services like customer billing, ledger, vendor management inventory management etc. and company charges merchants a subscription fee or fees linked to the volume of activity on Paytm's platform

Brand marketing campaigns, where they charge merchants, depending on the scale and type of campaign.

Non – linear decline in Revenues: E-Commerce and cloud revenues dropped from INR15.4bn in FY19 to INR 6.9bn in FY21. There is continued deceleration in this segment and pandemic related protocols accentuated the impact in the FY21.

Journey so far



Source: Company, KRChoksey Research

One 97 Communications Ltd (Paytm)

Digital Landscape of India

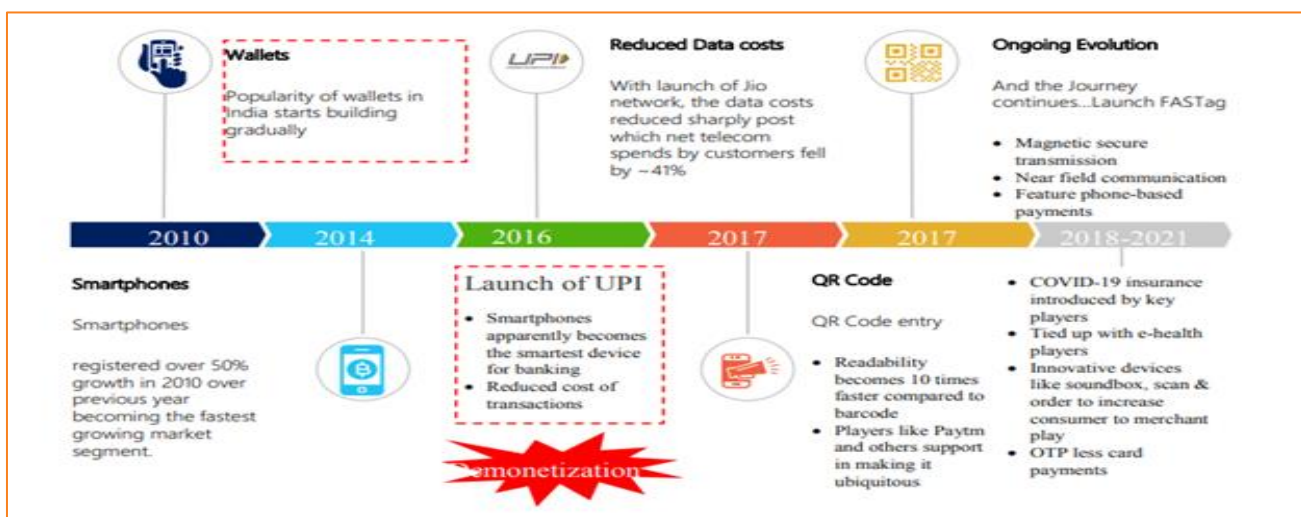
Nothing can stop an idea whose time has come

Story of change in habits of Indian consumers, smart phone penetration levels and country’s potential for growth. Its fortunes are closely linked to the growth of consumerism in India.

In the year 2010, the total smart phone users in the country were less than 2%. Smart phone owners were mainly confined to metro cities only and it was more of a status symbol rather than an instrument having utility value.

The explosive growth in next 10 years in smart phone penetration has changed the entire e-commerce landscape in the country. Single most important factor responsible for this growth is affordability. The overall cost of owning and using smart phone came down. On one hand capital cost of handset came down drastically due to entry of many cost effective hand set brands in India. And on the other hand recurring expenses crashed after the entry of JIO in the Indian markets. Of course, Demonetization and Covid related protocols gave much needed push to the entire digital growth story.

How mobile payment evolved in India



Source: Company, KRChoksey Research

- Currently India has more than 50 cr mobile smart phones than also market penetration level is around 50% only. This means, still lot of road to cover. For most of the Indians it is the only personal device available with them for all their needs pertaining to communication, entertainment, payments and e-commerce.
- This has triggered a change in consumer habit in India. In our quest to identify and ascertain the value proposition for Paytm the most important question to answer is:- Is this change irreversible???

Is this change Irreversible

GMV by Cohort ⁽¹⁾	Transaction Year				
	FY17	FY18	FY19	FY20	FY21
FY17	1.0x	2.8x	4.9x	6.8x	6.8x
FY18		1.0x	2.9x	3.7x	3.5x
FY19			1.0x	1.8x	1.9x
FY20				1.0x	1.9x
FY21					1.0x

Note: GMV of users acquired in a particular financial year and transacting in three or more use cases in same or subsequent financial years.

Source: Company, KRChoksey Research

One 97 Communications Ltd (Paytm)

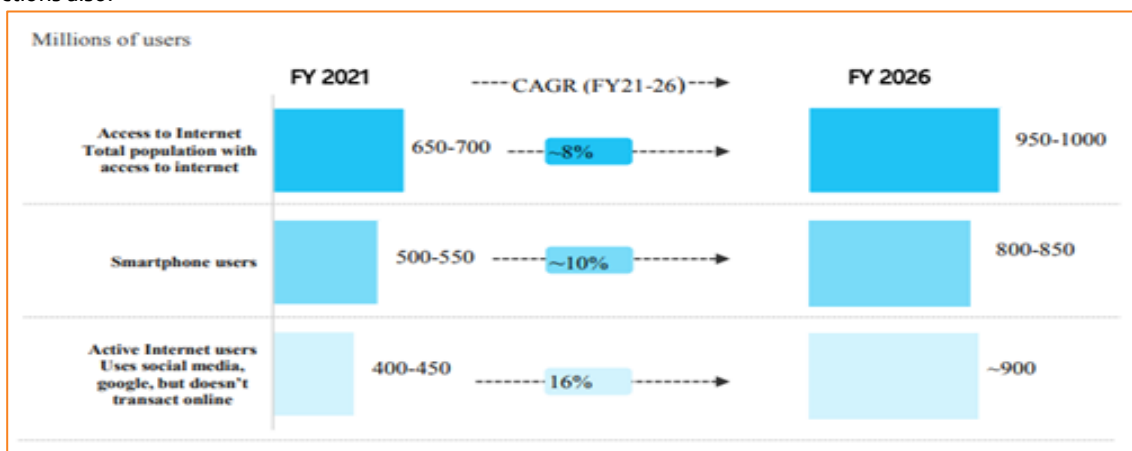
The above chart reflects GMV by consumers acquired in a particular fiscal year and transacting in three or more use cases in the same or subsequent years. For example, of the consumers acquired in FY 2017, the GMV by consumers transacting for three or more use cases in any year increased by 6.8x by FY 2020, with FY 2021 being impacted by the COVID-19 pandemic.

Though there is some slowdown visible lately (largely due to Covid related restrictions), but broad trend gives us tremendous confidence that the shift in Indian consumer habit of adopting digital payment mode is irreversible and is all set to witness explosive growth.

After experiencing the ease, swiftness, cost effectiveness and the convenience of making transaction through these digital modes we are of the opinion that this change in consumer habit is not just permanent but it is the beginning of the digital wave in the country.

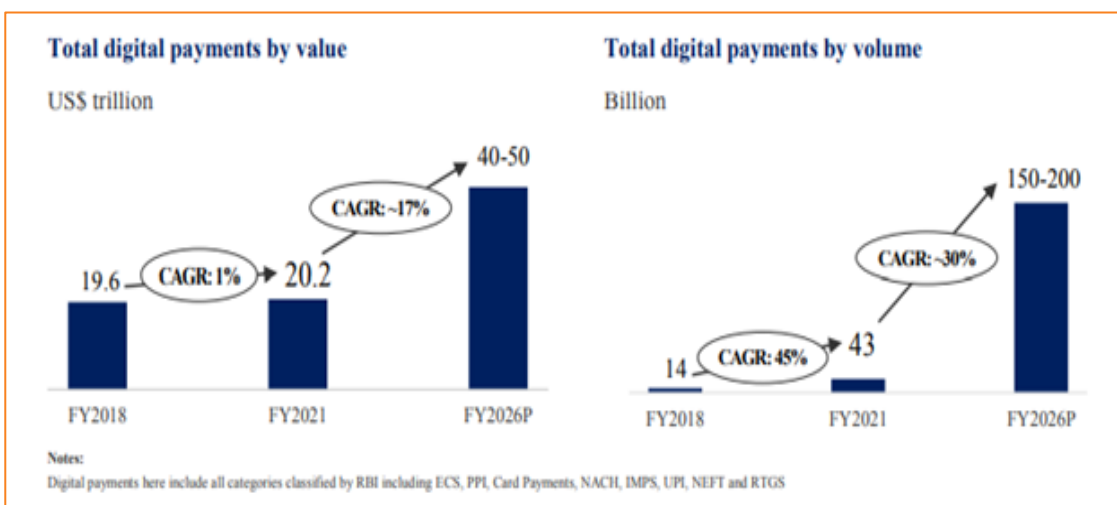
Market Size & Growth Potential

Within the Digital payment ecosystem, the breakthrough product from National Payment Corporation of India (NPCI) in the year 2016 acted as catalyst. It envisaged and introduced Unified Payment Interface (UPI). UPI created a revolution in the entire Digital payment framework as it speeded up not only interbank settlements but also person to person (P2P) and person to merchant (P2M) transactions also.



Source: Company, KRChoksey Research

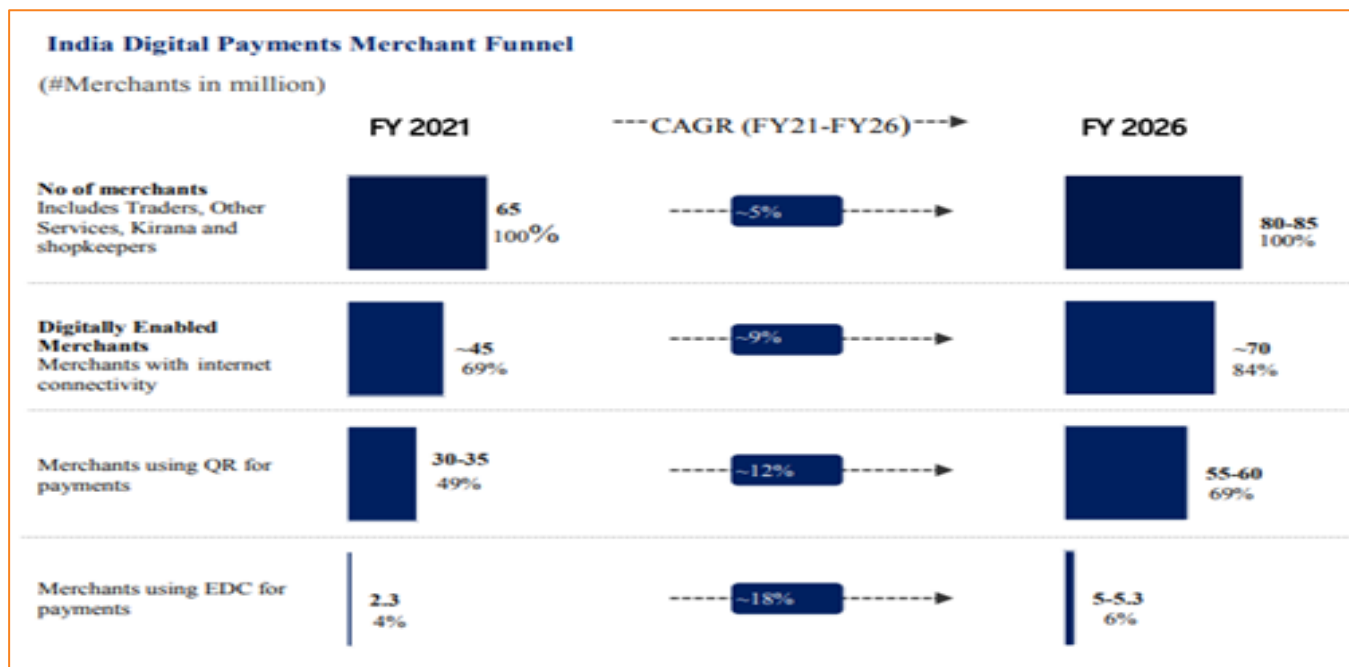
Digital payment opportunity



Source: Company, KRChoksey Research

One 97 Communications Ltd (Paytm)

Digital Ecosystem from Merchant side



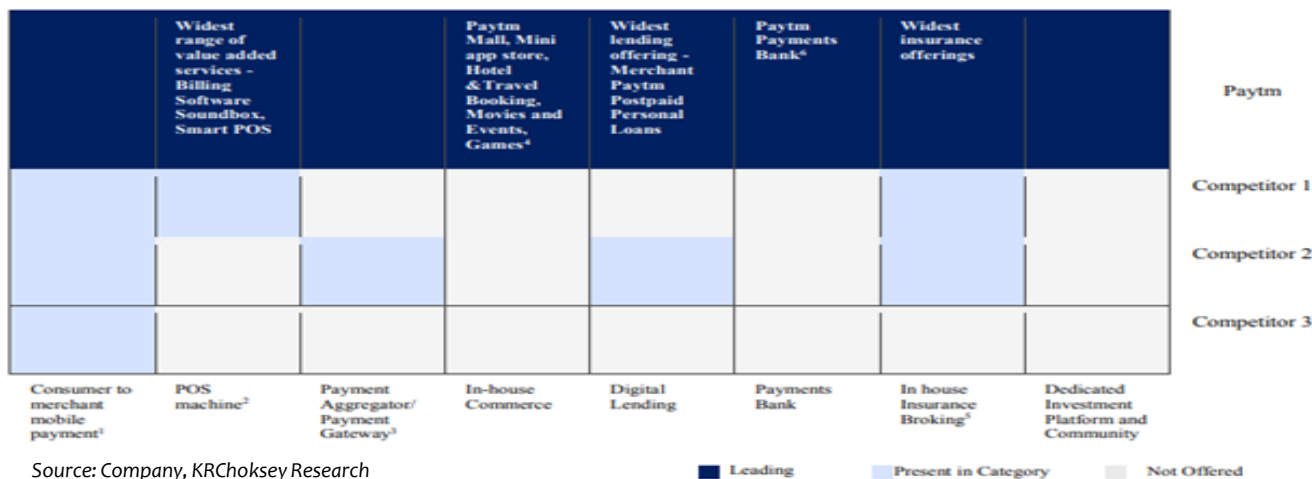
Source: USDA, KRChoksey Research

Keeping pace with the growth in consumers using digital payments, growth in merchant establishments accepting digital payments is also like to witness explosive growth.

Paytm: India’s Leading Ecosystem for Consumers and Merchants

Paytm has the widest selection of payments, commerce and financial services. With increased acceptance of digital payments, more companies have started offering digital payment solutions. Paytm is the most integrated player with presence across various payment formats and is currently maintaining its leadership status.

Competitive landscape



Notes:

1. Leading on basis of consumer to merchant market share
2. Leading on basis of value added services and offerings
3. Leading on basis of transaction market share
4. Also includes Recharges and Bill payments, Municipal Tax, FASTag, Metro, Nearby Stores, Donations etc.
5. Includes Bike, Car, Life, Health, Dengue, Covid-19, Mobile Protection, Personal Accident, Hospital Cash, Dental, Cyberfraud
6. Paytm Payments Bank is through a partner and not in-house offering

One 97 Communications Ltd (Paytm)

Paytm is well positioned to Capitalized on the Payments Opportunity

Paytm offer consumers a wide variety of payment instruments, which include

- (i) major third-party instruments, such as debit and credit cards and net banking, and
- (ii) Paytm Payment Instruments including wallet, postpaid amongst other instruments.

In addition, Paytm provides merchants with various products enabling them to accept payments digitally through Paytm Payment instruments and major third party instruments. Given wide suite offerings to merchants, ability to drive higher consumer engagement and stickiness through Paytm Payment instruments, Paytm has a unique monetization model compared to other peers

Rapid Growth of Commerce Services

- Tech adoption across internet sectors has been accelerating in the last few years even before COVID-19, with major sectors like eGrocery, foodtech and eHealth seeing strong supply side action, ecosystem building and offering multiple digital services under one roof.
- Some of these sectors will exceed US\$ 10 Billion in GMV terms by FY 2026, becoming mainstream consumption channels for India’s tech savvy consumers.
- There are several factors due to which tech-savvy consumers prefer availing online services from shopping online to availing traditional financial services like insurance, investments, borrowing etc.
- Online services have significant advantages over traditional brick and mortar stores in terms of time saving, large catalogue of options, discount deals Leading Present in Category Not Offered 142 and coupons, returning process, purchase cancellation and even cash-on-delivery option.
- Online services offer the consumer convenience and benefit of availing services for anytime and anywhere.
- Overall, across the India internet sectors, most sectors will be reaching high maturity by FY 2026 in GMV terms, accounting for a significant share of the overall consumption in that category- thus truly making India a digital economy.
- Further, unique online transacting users, are expected to grow from 250-300 million in FY 2021 to 700-750 million by FY 2026. This will further fuel growth of digital products and solutions across sectors.

Estimated Market Opportunity (US\$ Bn)	FY 2021	FY2026	CAGR
Online Gaming	2.8	12	34% - 36%
Travel Ticketing	36	60	~ 9%
Film Ticketing	2.6	3.5	5%
E-tail	41	140 – 160	28% - 31%
E-grocery	3.7	22 – 27	43% - 49%
Online Food Delivery	2.7 – 3	13 – 14	36%
India Advertising	9.3	20 – 25	20%

Source: Company, KRChoksey Research

Decoding the revenue model: What will drive growth in revenues for the company?

In our opinion, answer to this question is customer retention and network effect. In simple words following 4 parameters will be the key determinant of growth for the company.

- 1.How fast it can acquire new customers on both side of trade i.e. merchant and consumer.
- 2.Ability to retain its customers.
- 3.Its ability to process more GMV on its platform.
- 4.Its ability of increase net take rate.

One 97 Communications Ltd (Paytm)

Challenges on its path to become profitable

A) Take Rate:

We believe that the single most important factor that will determine profitability is the steady state Take Rate that company is able to achieve over a period of next 3- 5years. In last 5 years company has focused on acquiring customers and increasing transactions both in value and volume terms. As a result, Take rate dropped from 2.18% in FY2017 to 0.79% in FY2021. Globally if we look at the Take rate which more established payment services providers are able to achieve is in the region of 1.2% to 1.8%. We believe Paytm will aspire to reach to that level in next few years.

B) Customer acquisition & marketing cost:

We believe that once smart phone penetration levels reaches 75% and Paytm acquires a critical count of customer base than these charges will start tapering off permanently giving much needed boost to profitability.

Valuations:

As company is making losses at Net Profit and EBIDTA level, most of the well accepted and recognized valuation parameters don't give us any indication about the valuation of the company. Valuation of PayTM becomes further complicated as it business model has three equally important business segments having independent business drivers. On top of that from business model perspective also it's uniquely positioned. So we decided to identify companies operating in other geographies which have a similar business model as each business segment of PayTM.

We took P/ Sales multiple for CY23E for these identified companies as guiding multiple as we believe after 3 years large part of growth in revenues should get captured. Further, we assigned 60% premium to those multiples because that's the premium Indian new age consumer facing technology companies get as compared to companies in developed countries due to huge market opportunity.

VALUATION MATRIX

Global Peer Group	Country	Mkt. Cap.	Revenue for	P/ sales
		USD Bn	CY23E USD Mn	
A Payment Services				
Paypal	US	310.3	38110	8.1
Ayden	Netherlands	74.6	9920	7.5
Average				7.8
B Financial Services				
Afterpay Limited	Australia	24.9	3155	7.9
Affirm	US	36.3	2241	16.2
Average				12.0
C E-Com and Cloud				
Nuvei	US	20.1	1170	17.2
Square	US	110.4	25240	4.4
Average				10.8

Source: Company, KRChoksey Research

Segment	Revenues in Bn	Revenues in Bn	Estimated multiple	Value in INR Bn	Implied CAGR for 3 yrs
	FY21	FY24 E	P/ Sales		
Payment Services	21	61.2	12.5	763.8	43%
Financial Services	1	13.5	19.2	259.2	138%
Ecommerce and Cloud Services	6.9	28	17.3	483.8	60%
Total		102.7		1506.8	

Source: Company, KRChoksey Research

One 97 Communications Ltd (Paytm)

Recommendation

For current valuations to sustain, the company has to remain on the path of high growth trajectory for revenues for a period of next 3 years at least. All three verticals have to keep on firing at an accelerated pace. As per our estimates, payment revenues have to grow at a CAGR of >40%, Ecommerce and cloud revenues at > 50% and financial services at > 100% CAGR for a period of next 3 years.

Looking at the past track record, we are reasonably confident that management will leave no stone unturned to achieve this. What remains to be seen is that how this growth can be achieved without burning too much of cash. We are of the opinion that during first half of current decade company will focus more on financial services and Cloud & E commerce services to turn them into profitable ventures. As most of the positives are already getting captured in the current valuation, leaving little room for sustainable upside.

We recommend SUBSCRIBE RATING FOR LISTING GAINS.

Paytm : Key risks to valuation

A) Regulatory risk

Company comes under purview of 3 financial regulators viz RBI, SEBI and IRDA. Any unfavorable move by any of the regulator which can act as a barrier to revenue growth can materially impact the valuation.

B) Execution risk

Any delay in execution in any of the business segment can potentially impact the valuation negatively as best case scenario is already priced in.

One 97 Communications Ltd (Paytm)

Top Management

Mr. Vijay Shekhar Sharma

Founder, MD & CEO

Vijay holds a graduation degree from the Delhi College of Engineering and is one of the most followed tech entrepreneurs in India. Having grown Paytm to a \$16 Bn company, Sharma holds directorships of eight companies including Paytm Payments Bank Limited, Vss Holdings Private Limited, Vss Investco Private Limited, Paytm General Insurance Limited, Paytm Life Insurance Limited, Paytm Money Limited, Paytm E-Commerce Private Limited and Aryan Ayurveda Private Limited.

Mr. Madhur Deora

President & Group CFO

Madhur joined the company in 2016 and led the dealmaking operations at Paytm before being named as the President. Before joining Paytm in October 2016, he served as Managing Director in Citigroup's investment banking business.

Mr. Harinder Thakkar

CEO (Paytm Labs)

Harinder studied Computer Science at the Delhi College of Engineering and completed his MBA from INSEAD in 2006. He has worked at Cadence in a software engineering role, at Nokia at a strategy and business development role and at Research in Motion in a product management role.

Mr. Vikas Garg

Chief Financial Officer (CFO)

Vikas has over 20 years of experience in corporate finance, including corporate accounting, business planning and analysis and overseas expansion. Being a chartered accountant by profession prior to joining Paytm, he worked with companies like Golbibo, ICICI Bank and others.

Ms. Renu Satti

Head – Offline Payments

Satti is with Paytm for over 14 years. She heads the payments business through Paytm QR, all-in-one point-of-sale, smart android POS, and IoT devices.

Mr. Bhavesh Gupta

CEO – Paytm Credit

A banking veteran with over 24 years of industry experience, Gupta led businesses in ICICI Bank, IDFC Bank, and Clix Capital.

Mr. Sudhanshu Gupta

COO – Paytm First Games

Gupta leads the gaming vertical at Paytm. He has worked with Flipkart and Pepsico in the past.

Mr. Manmeet Dhody

CTO - Payments

Dhody joined Paytm in April last year, after several leadership roles in global firms like Amazon and Microsoft.

Mr. Deepankar Sanwalkar

President – Compliance & Operations

Before joining Paytm in May this year, Sanwalkar was advisory leader at PwC India and member of the PwC India Leadership Team, global and Asia Pacific Americas (APA) Advisory leadership teams. A chartered accountant by profession, he has over 30 years of experience.

One 97 Communications Ltd (Paytm)

Employees

Over FY 2021, One 97 Communications Ltd. had average of 8,623 on-roll employees worldwide. They also engage contractors to provide temporary workforce. None of the company employees are represented by a labour union. They have not experienced any work stoppages since incorporation.

Function	On roll	Off roll	Total
Sales and Business Development	3989	1065	5054
Engineering, Technology and Product	2550	-	2550
Operations	1575	167	1742
Enabling and Corporate functions	509	10	519
Total	8623	1242	9865

Source: Company, KRChoksey Research

Key Stakeholders

One 97 Communications Ltd.'s latest shareholding pattern (as per company filings) is given below:-

Shareholder	Stake (%)
Mr. Vijay Shekhar Sharma	9.6
Antfin (Netherlands) Holding BV	29.6
Alibaba.com Singapore Ecommerce	7.2
Elevation Capital V Limited	0.7
Elevation Capital V FII Holding Ltd	0.9
Saif III Mauritius	12.1
Saif Partners India IV Ltd	5.1
SVF Panther (Cayman) Ltd	1.3
BH International Holdings	2.8

Source: Company, KRChoksey Research

One 97 Communications Ltd (Paytm)

Subsidiary Details

NAME OF ENTITY	DETAILS	STAKE (%)	SHARE CAPITAL (INR)
MobiQuest Mobile Technologies Private Ltd	A mobile enterprise platform company	65.7%	3.6
Nearbuy India Private Ltd	An online marketplace operating in sectors such as food & beverage, Spa& Salon, Local Retail/Gift Card; it helps connect the merchants to the customers	100%	9.0
One 97 Communication India Ltd	Provides services using voice and messaging platform and other ancillary business services	100%	831.5
Orbgen Technologies Private Ltd	Business of information technology, which provides technical application support, services and solutions, along with the business of developing, enhancing, and operating an online platform	100%	200.0
Paytm Entertainment Ltd	Business of information technology, which provides technical application support services and solution, along with the business of developing, enhancing, and operating an online platform	100%	789
Paytm First Games private Ltd	Principal business is developing, enhancing, and operating an online platform through a user interface, allowing users to participate in and play various game	55%	1,241
Paytm Insurance Broking Private Ltd	Business of acting as a direct broker in accordance with the IRDAI	100%	750
Paytm Payments Services Ltd	Provides payment aggregator services and payment gateway services	100%	500
Paytm money limited	Provides cloud-based mobile first wealth management services	100%	2,589
Paytm services private Ltd	Offers manpower hiring, placement, etc.	100%	30
Urja Money Private Ltd	Business of providing financial, investment and lending advisory services	67%	31
Wasteland entertainment private Ltd	Principal business of providing ticketing services to event organizers through theatres and other event	100%	1

Source: Company, KRChoksey Research

One 97 Communications Ltd (Paytm)

Profit and Loss statement

INR Mn	FY19	FY20	FY21
Net Revenue	32,320	30,256	28,024
Direct cost	52,300	35,186	24,399
Contribution profit	-19,980	-4,930	3,625
Other cost	23,681	23,966	21,298
EBITDA	-43,661	-28,896	-17,673
EBITDA Reported	-42,115	-24,683	-16,548
Other income	3,477	2,599	3,844
Depreciation	1,116	1,745	1,785
EBIT	-41,300	-28,042	-15,614
Interest cost	342	485	348
PBT	-41,642	-28,527	-15,962
Tax Expenses	-65	-158	27
PAT	-41,577	-28,369	-15,989
Adjusted PAT	-42,256	-29,424	-17,010
Adjusted EPS	-75	-51	-28

Source: Company, KRChoksey Research

Cash Flow Statement

INR Mn	FY19	FY20	FY21
Net Cash Generated From Operations	-44,759	23,766	-20,825
Net Cash Flow from Investing Activities	19,110	-19,963	19,298
Net Cash Flow from Financing Activities	21,105	51,599	-2,221

Source: Company, KRChoksey Research

Balance Sheet

INR Mn	FY19	FY20	FY21
Share Capital	575	604	605
Reserves & Surplus	56,674	80,448	64,743
Networth	57,249	81,052	65,348
Minority Interest	862	-140	-186
Debt	14,010	4,420	10,602

Source: Company, KRChoksey Research

One 97 Communications Ltd (Paytm)

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

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