

February 6, 2023

RESULT REPORT Q3 FY23 | Sector: Fintech

One 97 Communications

Loan distribution business serves to enhance both revenue and margin

Result Highlights

- ✓ **Revenue from operations:** Revenue at Rs 20,622mn was up 7.7%/41.6% QoQ/YoY, sequentially driven by Financial Services and Commerce businesses
- ✓ **Payment processing charges:** Payment proc. charges were down -1.1%/-5.8% QoQ/YoY and were 64% of Payments Serv. Rev., up/down 41/-1498 bps QoQ/YoY
- ✓ **Contribution profit:** Contribution profit at Rs 10,480mn was up 24.3%/131% QoQ/YoY, translating to a Contribution margin of 50.8%, up 678bps QoQ
- ✓ **Expenses (excl Payment proc. charges):** Total expenses were down/up -3.0%/13.3% QoQ/YoY. The YoY growth was driven by Emp. and Other Op. Exp.
- ✓ **Standard EBITDA (Calculated):** EBITDA loss, at Rs -3,307mn, lower -38.5%/-58% QoQ/YoY, translating to an EBITDA margin of -16%, up 1206bps QoQ

Our view - Loan distribution business serves to enhance both revenue and margin

The share of Financial Services in overall revenue continues to rise even as there were some negative one-offs for the quarter: Total revenue was 42% YoY to Rs 20.62bn for the quarter, driven by merchant subscription, loan distribution and commerce business. The quarter was negatively impacted by the timing of the festival season and lack of UPI incentive for the quarter. The Financial Services revenue was up 257% YoY to Rs 4.46bn for the quarter, contributing 22% to total revenue. This was driven by loan distribution as the value of loans disbursed amounted to Rs 99.58bn for the quarter, up 357% YoY.

There were a variety of factors aiding both contribution margin as well as EBITDA margin, with EBITDA before ESOP cost turning positive: The improvement in contribution margin was driven by payments profitability and growth of high-margin businesses such as loan distribution. Indirect expenses as a percentage of revenue has declined to 49% for the quarter compared with 53% for 2Q and 58% in 3Q last year. As a result, EBITDA before ESOP cost as a percentage of revenue has turned positive at 2% for the quarter, for the first time, compared with -9% in 2Q and -27% in 3Q last year.

We maintain 'Neutral' on PAYTM with a revised price target of Rs 600: We value PAYTM at 3.9x FY24 P/S to arrive at our price target of Rs 600.

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

Exhibit 1: Result table

Particulars, Rs mn	3QFY23	2QFY23	QoQ, %	3QFY22	YoY, %
Revenue from Operations	20,622	19,140	7.7	14,561	41.6
Other Income	780	996	-21.7	773	0.9
Total Revenue	21,402	20,136	6.3	15,334	39.6
Payment processing charges	7,378	7,458	-1.1	7,831	-5.8
Gross Profit	13,244	11,682	13.4	6,730	96.8
Total Expenses	16,551	17,060	-3.0	14,609	13.3
EBITDA (Incl ESOP excl Oth. Inc.)	(3,307)	(5,378)	-38.5	(7,879)	-58.0
Calculated EBITDA Margin	-16.0	-28.1	1206bps	-54.1	3807bps
EBIT	(4,547)	(6,421)	-29.2	(8,488)	-46.4
PBT	(3,821)	(5,478)	-30.2	(7,840)	-51.3
Tax	150	145	3.4	56	167.9
PAT	(3,971)	(5,623)	-29.4	(7,896)	-49.7
Share of Assoc./JVs	50	(92)	-154.3	111	-55.0
Consolidated PAT	(3,921)	(5,715)	-31.4	(7,785)	-49.6

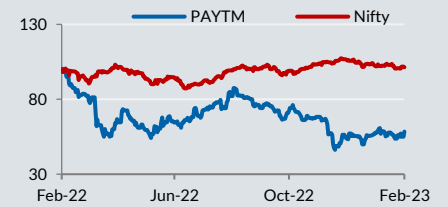
Source: Company, YES Sec-Research

Recommendation	: NEUTRAL
Current Price	: Rs 558
Target Price	: Rs 600
Potential Return	: 7%

Stock data (as on February 6, 2023)

Nifty	17,765
52 Week h/l (Rs)	994 / 438
Market cap (Rs/USD mn)	340086 / 4111
Outstanding Shares (mn)	648
6m Avg t/o (Rs mn):	2,489
Div yield (%):	NA
Bloomberg code:	PAYTM IN
NSE code:	PAYTM

Stock performance



	1M	3M	1Y
Absolute return	1.3%	-14.2%	-41.4%

Shareholding pattern (As of Dec'22 end)

Promoter	0.0%
FII+DII	74.7%
Others	25.3%

Δ in stance

(1-Yr)	New	Old
Rating	NEUTRAL	NEUTRAL
Target Price	600	575

Financial Summary

(Rs mn)	FY23E	FY24E	FY25E
Total Revenue	81,263	101,119	119,556
YoY Growth, %	54.4	24.4	18.2
EBITDA Margin, %	(25.0)	(15.2)	(7.3)
PAT Ex JV/Assoc.	(20,256)	(15,197)	(8,432)
YoY Growth, %	13.8	25.0	44.5
Sales Per Share, Rs	120.5	150.9	171.1
EPS, Rs	(32.6)	(24.5)	(13.0)
BVPS, Rs	185.4	161.0	207.2
P/Sales, x	4.5	3.6	3.2
P/E, x	NA	NA	NA
P/BV, x	2.9	3.4	2.6
ROAE, %	(16.2)	(14.1)	(7.2)
ROAA, %	(12.4)	(10.4)	(5.3)

Δ in earnings estimates

Rs.	FY23E	FY24E	FY25E
EPS (New)	(32.6)	(24.5)	(13.0)
EPS (Old)	(33.4)	(25.4)	(13.6)
% change	2.2%	3.7%	4.6%

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COMPREHENSIVE CON-CALL TAKEAWAYS

Overall business

✓ Overall revenue

- Total revenue was up 42% YoY to Rs 20.62bn for the quarter, driven by merchant subscription, loan distribution and commerce business.
- The quarter was negatively impacted by the timing of the festival season and lack of UPI incentive for the quarter.

✓ Contribution margin

- The contribution margin for the quarter was 51% compared with 44% in 2Q and 31% in 3Q last year.
- The improvement in contribution margin was driven by payments profitability and growth of high-margin businesses such as loan distribution.

✓ Expenses

• Indirect expenses

- Indirect expenses as a percentage of revenue has declined to 49% for the quarter compared with 53% for 2Q and 58% in 3Q last year.

○ Employee expenses

- The company would keep adding workforce but not in a very large manner like they did a few quarters ago.
- **Employee count**
 - The employee count uptick was about 5000 for the quarter.
 - There are about 29000 employees in all and there are no off-roll employees.

✓ EBITDA before ESOP cost

- EBITDA before ESOP cost as a percentage of revenue has turned positive at 2% for the quarter for the first time compared with -9% in 2Q and -27% in 3Q last year.

✓ Monthly transacting users (MTU)

- The average MTU has risen 32% YoY to 85mn for the quarter.
- MTU addition is not being driven by cashback but by rational marketing effort.

Payments business

✓ Payments Revenue

- Payments revenue was up 21% YoY in 3Q to Rs 11.97bn.
- **Payment services to Consumers**
 - Payment services to Consumers was Rs 5.13bn compared with Rs 4.06bn in 3Q last year.
 - The revenue for this sub-segment was down sequentially but management flagged a return to growth.
- **Payment services to Merchants**
 - Payment services to Merchants was Rs 6.4bn compared with Rs 5.86bn in 3Q last year.
- **UPI incentive consideration**
 - In 3Q, there was no UPI incentive, which was Rs 680mn in 3Q last year.
 - If an estimated Rs 1.3bn is added to 3Q revenue, Payments revenue would have been up 34% YoY.

(Con call takeaways continue on the next page)

- **Unprofitable merchants**
 - The company has consciously shed unprofitable merchants and, despite that, grown 34% YoY on like for like basis.
- **GMV**
 - The gross merchandise value of the Payments business was up 38% YoY to Rs 3.5 trn in 3Q.
- ✓ **Net Payments Margin**
 - The Net Payments Margin for the quarter was Rs 4.59bn, which is Payments Revenue minus Processing Cost, up 120% YoY on a like for like basis.
 - **Payments Processing Margin**
 - The Net Payments Margin was achieved on a Payments Processing Margin between 7-9 bps, as guided for, if pro forma UPI incentive is added.
 - The Payments Processing Margin was within guidance despite a negative change in accounting with interchange cost for Paytm Postpaid being counted here.
 - The amount of Paytm Postpaid interchange cost that is now being deducted from Net Payments Margin was Rs 780mn for the quarter (not deducted earlier).
 - **Subscription charges**
 - Subscription charges is the other element driving Net Payments Margin.
 - Merchant subscriptions for payment devices were 5.8mn, up 3.8mn YoY.
 - Payment devices drive merchant monetization (by acting as a funnel for lending), customer stickiness and upsell.
 - The company earns more than Rs 100 per device per month.

Financial Services business

- ✓ **Revenue**
 - The Financial Services revenue was up 257% YoY to Rs 4.46bn for the quarter, contributing 22% to total revenue.
- ✓ **Value of loans disbursed**
 - The total value of loans disbursed amounted to Rs 99.58bn for the quarter, up 357% YoY.
 - **Postpaid loans**
 - The value of Postpaid loans disbursed for the quarter amounted to Rs 52.02bn, up 337% YoY.
 - **Personal loans**
 - The value of Personal loans disbursed for the quarter amounted to Rs 29.31bn, up 468% YoY.
 - About 40% of Personal loans are to existing Postpaid customers.
 - 15-20% of customers who take a Personal loan come back to take another Personal loan.
 - The share of new to Personal loan customers is about 30-40%.
 - **Merchant loans**
 - The value of Merchant loans disbursed for the quarter amounted to Rs 18.25bn, up 285% YoY.
- ✓ **Credit quality**
 - The loan portfolios are performing better than expectations by a quantum of 50-75 bps compared with assumptions.
- ✓ **Collection**
 - The incentive paid by lending partners for Collection amounts to 50-150 bps of disbursement.

(Con call takeaways continue on the next page)

Commerce and Cloud business

- ✓ **Revenue**
 - The total Commerce and Cloud business revenue was up 24% YoY to Rs 4.2bn, driven by Credit cards (housed within Cloud) and Commerce.
- ✓ **Cloud business**
 - Overall, the Cloud business revenue was up 15% YoY to Rs 2.35bn.
 - **Credit cards**
 - **Card count**
 - The number of active cards as of December was 0.45mn.
 - 0.15mn credit cards were added during the quarter.
 - **Share of revenue**
 - The credit card revenue is about 20-25% of Cloud revenue and this share is expected to rise going forward.
- ✓ **Commerce business**
 - Commerce business revenue was Rs 1.85bn compared with Rs 1.35bn in 3Q last year driven by travel demand and events.
 - The take rate for the business was 8%.

Cash and buyback

- ✓ Of the reduction in cash balance, Rs 2bn was due to capex.
- ✓ Rs 680mn worth of buyback had been conducted as of December but, as of Friday, Rs 7.96bn has been conducted cumulatively, with most of the impact to be felt in 4Q.

Exhibit 2: Quarterly P&L Table

Particulars, Rs mn	3QFY23	2QFY23	QoQ, %	3QFY22	YoY, %
Revenue from Operations	20,622	19,140	7.7	14,561	41.6
Other Income	780	996	-21.7	773	0.9
Total Revenue	21,402	20,136	6.3	15,334	39.6
Less: Expenses					
Payment processing charges	7,378	7,458	-1.1	7,831	-5.8
Gross Profit*	13,244	11,682	13.4	6,730	96.8
Marketing and promotional expenses	2,263	3,275	-30.9	2,831	-20.1
Employee Benefit Expense	9,456	9,441	0.2	8,313	13.7
Software, cloud and data centre expenses	1,709	1,728	-1.1	1,301	31.4
Other Expenses	3,123	2,616	19.4	2,164	44.3
TOTAL EXPENSES (Excl. Payment proc.)	16,551	17,060	-3.0	14,609	13.3
EBITDA (Incl ESOP excl Oth. Inc.)**	(3,307)	(5,378)	-38.5	(7,879)	-58.0
Depreciation and Amortization Expense	1,240	1,043	18.9	609	103.6
EBIT	(4,547)	(6,421)	-29.2	(8,488)	-46.4
Finance Cost	54	53	1.9	125	-56.8
Exceptional items	0	0	NA	0	NA
PBT	(3,821)	(5,478)	-30.2	(7,840)	-51.3
Tax	150	145	3.4	56	167.9
PAT	(3,971)	(5,623)	-29.4	(7,896)	-49.7
Share of result of Associates/JVs	50	(92)	-154.3	111	-55.0
Consolidated PAT	(3,921)	(5,715)	-31.4	(7,785)	-49.6

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	3QFY23	2QFY23	QoQ, %	3QFY22	YoY, %
Revenue from Operations	20,620	19,140	7.7	14,561	41.6
Payment processing charges	7,380	7,460	(1.1)	7,831	(5.8)
As % of GMV (%)	0.21	0.23	-2bps	0.31	-10bps
Promotional cashback & incentives	910	1,910	(52.4)	1,166	(22.0)
Other Expenses	1,860	1,340	38.8	1,027	81.1
Total Direct Expenses	10,150	10,710	(5.2)	10,024	1.3
Contribution Profit	10,480	8,430	24.3	4,540	130.8
Contribution Margin (%)	50.8	44.0	678bps	31.2	1965bps

Source: Company, YES Sec – Research

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

Particulars, Rs mn	3QFY23	2QFY23	QoQ, %	3QFY22	YoY, %
Contribution Profit	10,480	8,430	24.3	4,540	130.8
Marketing	1,360	1,370	(0.7)	1,670	(18.6)
Employee cost (Excl ESOPs)	5,840	5,730	1.9	4,420	32.1
Software, cloud and data center	1,710	1,730	(1.2)	1,300	31.5
Other indirect expenses	1,260	1,270	(0.8)	1,080	16.7
EBITDA (Before ESOP expense)*	310	(1,660)	(118.7)	(3,930)	(107.9)
EBITDA Margin (%)	1.5	(8.7)	1018bps	(27.0)	2849bps

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

Exhibit 5: Segmental Breakup of Revenue from Operations - Quarterly

Particulars, Rs mn	3QFY23	2QFY23	QoQ, %	3QFY22	YoY, %
Payments and financial services	15,990	15,220	5.1	11,168	43.2
Payments Services to Consumers	5,130	5,490	-6.6	4,058	26.4
Payments Services to Merchants	6,400	6,240	2.6	5,858	9.3
Financial Services and Others	4,460	3,490	27.8	1,252	256.2
Commerce and cloud services	4,200	3,770	11.4	3,393	23.8
Commerce	1,850	1,250	48.0	1,348	37.2
Cloud	2,350	2,520	-6.7	2,045	14.9
Other Operating Revenue	440	150	193.3	0	NA
Total Revenue from Operations	20,630	19,140	7.8	14,561	41.7

Source: Company, YES Sec - Research

Exhibit 6: Expenses as % of heads - Quarterly

%	3QFY23	2QFY23	QoQ, bps	3QFY22	YoY, bps
Payment processing charges as a % of Payment services revenue	64.0	63.6	41bps	79.0	-1498bps
Expense heads as a % of Total Revenue					
Payment processing charges	34.5	37.0	-256bps	51.1	-1660bps
Marketing and promotional expenses	10.6	16.3	-569bps	18.5	-789bps
Employee Benefit Expense	44.2	46.9	-270bps	54.2	-1003bps
Software, cloud and data centre expenses	8.0	8.6	-60bps	8.5	-50bps
Other Expenses	14.6	13.0	160bps	14.1	48bps
Depreciation and Amortization Expense	5.8	5.2	61bps	4.0	182bps
Finance Cost	0.3	0.3	-1bps	0.8	-56bps

Source: Company, YES Sec - Research

Exhibit 7: Key Operational Data - Quarterly

Particulars	3QFY23	2QFY23	QoQ, %	3QFY22	YoY, %
Monthly Transacting Users, mn	84.9	79.7	6.5	64.4	31.8
Monthly GMV per user, Rs	13,585	13,300	2.1	12,950	4.9
Devices merchant base, mn	5.8	4.8	20.8	2.0	190.0
Number of Loans Disbursed, mn	10.5	9.2	13.9	4.4	137.3
Value of Loans Disbursed, Rs bn	99.6	73.1	36.2	21.8	356.6
Loans Ticket Size, Rs	9,508	7,956	19.5	4,941	92.4

Source: Company, YES Sec - Research

Exhibit 8: Quarterly Actuals Vs Estimates

Q3FY23 (Rs. mn)	Actuals	Estimates	Diff, %
Revenue from Operations	20,622	22,386	(7.9)
EBITDA (Ex-OI)	(3,307)	(5,009)	34.0
PAT (Ex-As./JV)	(3,971)	(5,168)	23.2

Source: Company, YES Sec - Research

ANNUAL FINANCIALS

Exhibit 9: Income Statement

Rs mn	FY20	FY21	FY22	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Revenue-Ops.	32,808	28,024	49,742	78,217	97,921	116,198	137,937	163,803	188,122	216,237	248,767	286,436
Other Income	2,599	3,844	2,901	3,046	3,198	3,358	3,526	3,702	3,888	4,082	4,286	4,500
Total Revenue	35,408	31,868	52,643	81,263	101,119	119,556	141,464	167,506	192,010	220,319	253,054	290,936
Operating Expenses												
Payment Proc.	22,659	19,168	27,538	30,042	37,391	43,707	51,518	60,752	68,634	77,576	87,724	99,245
Marketing exp.	13,971	5,325	8,554	11,976	13,772	15,838	18,213	20,945	23,040	25,344	27,878	30,666
Employee Cost	11,193	11,849	24,319	38,288	41,147	41,235	43,876	49,243	53,358	57,885	62,864	68,341
Software, etc.	3,603	3,498	4,999	6,999	8,048	9,256	10,644	12,241	13,465	14,811	16,292	17,921
Other Expenses	7,727	5,857	7,734	11,214	12,896	14,831	17,056	19,614	21,575	23,733	26,106	28,717
Total Expenses	36,493	26,529	45,606	68,476	75,864	81,160	89,789	102,043	111,438	121,772	133,140	145,645
EBITDA (Ex-OI)	(26,344)	(17,673)	(23,402)	(20,302)	(15,333)	(8,669)	(3,369)	1,009	8,050	16,889	27,903	41,546
Depr. and Amort.	1,745	1,785	2,473	2,522	2,573	2,624	2,677	2,730	2,785	2,841	2,898	2,955
EBIT (Ex-OI)	(28,089)	(19,457)	(25,875)	(22,824)	(17,906)	(11,293)	(6,046)	(1,722)	5,265	14,048	25,006	38,590
Finance Cost	485	348	394	414	434	456	479	503	528	554	582	611
Exceptional	(3,047)	(282)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)
PBT	(29,021)	(16,243)	(23,392)	(20,216)	(15,166)	(8,415)	(3,023)	1,454	8,601	17,552	28,686	42,455
Tax	(158)	27	113	40	30	17	6	(3)	430	2,633	5,737	10,614
PAT (Ex-As./JV)	(28,864)	(16,270)	(23,505)	(20,256)	(15,197)	(8,432)	(3,029)	1,457	8,171	14,919	22,949	31,842

Source: Company, YES Sec – Research, Consolidated Financials

Exhibit 10: Cash flow statement

Rs mn	FY20	FY21	FY22	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Cash flow from Operations												
PBT & Ext.	(29,582)	(16,983)	(23,851)	(21,127)	(15,850)	(8,794)	(3,159)	1,519	8,968	18,223	29,718	43,888
Adjustment For												
Depreciation	1,745	1,785	2,473	2,522	2,573	2,624	2,677	2,730	2,785	2,841	2,898	2,955
Interest expense	(456)	(2,108)	285	414	434	456	479	503	528	554	582	611
Other Income	4,724	1,512	(2,518)	(3,046)	(3,198)	(3,358)	(3,526)	(3,702)	(3,888)	(4,082)	(4,286)	(4,500)
Changes in WC	68	(6,902)	12,727	(762)	(560)	(686)	(835)	(1,011)	(1,218)	(1,462)	(1,749)	(2,086)
Direct Taxes Paid	(265)	1,871	(1,479)	(40)	(30)	(17)	(6)	3	(430)	(2,633)	(5,737)	(10,614)
Others	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash from Op.	(23,766)	(20,825)	(12,363)	(22,040)	(16,632)	(9,775)	(4,370)	42	6,746	13,441	21,426	30,255
Cash flow from Investing												
Purchase of FA	(1,907)	(1,927)	(5,071)	(2,500)	(3,000)	(3,500)	(4,000)	(4,500)	(4,500)	(4,500)	(4,500)	(4,500)
Change in inv.	(14,427)	(21,534)	(96,322)	2,447	202	202	202	202	202	202	202	202
Others	(3,629)	42,759	46,507	8,363	(1,257)	(864)	(951)	(1,042)	(1,135)	(1,232)	(1,333)	(1,437)
Net Cash from Inv.	(19,963)	19,298	(54,886)	8,310	(4,055)	(4,161)	(4,749)	(5,339)	(5,433)	(5,530)	(5,630)	(5,734)
Cash flow from Financing												
Change in borr.	(606)	(735)	(435)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Change in Equity	50,540	107	83,067	0	0	45,030	0	0	0	0	0	0
Dividend Paid	0	0	0	0	0	0	0	0	0	0	(1,358)	(2,037)
Others	1,665	(1,593)	(2,097)	3,247	3,391	3,541	3,699	3,865	4,038	4,219	4,410	4,609
Net Cash from Fin.	51,599	(2,221)	80,535	3,247	3,390	48,571	3,699	3,865	4,038	4,219	3,052	2,572
Net Chg in Cash	7,870	(3,748)	13,286	(10,483)	(17,296)	34,635	(5,420)	(1,433)	5,350	12,131	18,847	27,093

Source: Company, YES Sec – Research, Consolidated Financials

Exhibit 11: Ratio analysis

	FY20	FY21	FY22	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Growth Matrix (%)												
Revenue from Ops.	1.5	(14.6)	77.5	57.2	25.2	18.7	18.7	18.8	14.8	14.9	15.0	15.1
Gross Profit	4.1	(12.7)	150.7	117.0	25.6	19.8	19.2	19.2	15.9	16.0	16.1	16.2
Operating Expense	(31.7)	(27.3)	71.9	50.1	10.8	7.0	10.6	13.6	9.2	9.3	9.3	9.4
EBITDA	39.7	32.9	(32.4)	13.2	24.5	43.5	61.1	129.9	(698.1)	(109.8)	(65.2)	(48.9)
EBIT	37.3	30.7	(33.0)	11.8	21.5	36.9	46.5	71.5	405.8	(166.8)	(78.0)	(54.3)
PBT	31.7	44.0	(44.0)	13.6	25.0	44.5	64.1	148.1	(491.5)	(104.1)	(63.4)	(48.0)
PAT	31.9	43.6	(44.5)	13.8	25.0	44.5	64.1	148.1	(460.8)	(82.6)	(53.8)	(38.8)
Net Worth	41.6	(19.4)	116.6	(15.0)	(13.2)	34.7	(2.2)	1.1	6.1	10.6	13.9	16.8
Margin (%)												
Gross Profit Margin	30.9	31.6	44.6	61.6	61.8	62.4	62.7	62.9	63.5	64.1	64.7	65.4
EBITDA Margin	(80.3)	(63.1)	(47.0)	(26.0)	(15.7)	(7.5)	(2.4)	0.6	4.3	7.8	11.2	14.5
EBIT Margin	(85.6)	(69.4)	(52.0)	(29.2)	(18.3)	(9.7)	(4.4)	(1.1)	2.8	6.5	10.1	13.5
PBT Margin	(88.5)	(58.0)	(47.0)	(25.8)	(15.5)	(7.2)	(2.2)	0.9	4.6	8.1	11.5	14.8
PAT Margin	(88.0)	(58.1)	(47.3)	(25.9)	(15.5)	(7.3)	(2.2)	0.9	4.3	6.9	9.2	11.1
Return Ratios (%)												
RoE	(36.3)	(26.0)	(16.9)	(17.6)	(15.2)	(6.3)	(2.3)	1.1	5.8	9.6	12.9	15.3
RoAE	(42.5)	(23.2)	(23.2)	(16.2)	(14.1)	(7.2)	(2.3)	1.1	6.0	10.0	13.7	16.5
RoCE	(33.8)	(27.5)	(18.3)	(19.0)	(17.1)	(8.0)	(4.4)	(1.2)	3.6	8.6	13.5	17.8
RoACE	(37.9)	(25.3)	(24.4)	(17.5)	(16.0)	(9.2)	(4.4)	(1.2)	3.7	9.1	14.3	19.2
RoA	(28.6)	(18.6)	(13.3)	(13.2)	(10.9)	(4.8)	(1.7)	0.8	4.4	7.3	10.1	12.2
RoAA	(30.9)	(17.5)	(17.7)	(12.4)	(10.4)	(5.3)	(1.7)	0.8	4.5	7.6	10.6	13.0
Per Share (Rs)												
EPS	(48.7)	(28.1)	(36.9)	(32.6)	(24.5)	(13.0)	(4.7)	2.2	12.6	23.0	35.3	49.0
BVPS	134.1	108.0	218.1	185.4	161.0	207.2	202.5	204.8	217.4	240.3	273.6	319.6
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	3.0
Sales per share	54.3	46.3	76.6	120.5	150.9	171.1	203.1	241.2	277.1	318.5	366.4	421.8
EBITDA per share	(43.6)	(29.2)	(36.1)	(31.3)	(23.6)	(12.8)	(5.0)	1.5	11.9	24.9	41.1	61.2
FCFF per share	(44.1)	(39.0)	(23.2)	(36.4)	(29.2)	(19.0)	(12.1)	(6.6)	3.0	13.0	24.5	37.3
FCFE per share	(45.9)	(40.8)	(24.5)	(37.0)	(29.8)	(19.6)	(12.8)	(7.4)	2.3	12.3	23.8	36.6
CFO per share	(39.3)	(34.4)	(19.0)	(34.0)	(25.6)	(14.4)	(6.4)	0.1	9.9	19.8	31.6	44.6
EV per share	522.8	539.6	460.9	477.1	503.7	430.5	438.4	440.6	432.7	414.8	387.1	347.2
Valuation (x)												
P/E	NA	NA	NA	NA	NA	NA	NA	NA	43.0	23.6	15.3	11.0
P/B	4.0	5.0	2.5	2.9	3.4	2.6	2.7	2.6	2.5	2.3	2.0	1.7
P/S	10.0	11.7	7.1	4.5	3.6	3.2	2.7	2.2	2.0	1.7	1.5	1.3
EV/EBITDA	NA	NA	NA	NA	NA	NA	NA	NA	36.5	16.7	9.4	5.7
EV/FCFF	NA	NA	NA	NA	NA	NA	NA	NA	142.0	31.9	15.8	9.3
P/FCFE	NA	NA	NA	NA	NA	NA	NA	NA	234.5	44.0	22.7	14.8
EV/CFO	NA	NA	NA	NA	NA	NA	NA	NA	43.6	21.0	12.3	7.8
Yield (%)												
FCFF Yield	(8.2)	(7.2)	(4.3)	(6.7)	(5.4)	(3.5)	(2.2)	(1.2)	0.6	2.4	4.5	6.9
Dividend Yield	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.4	0.6

Source: Company, YES Sec – Research, Consolidated Financials

Exhibit 12: Balance Sheet - Assets

Rs mn	FY20	FY21	FY22	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Assets												
Non-Current Assets												
Tangible As.	2,616	2,992	5,616	5,350	5,549	6,212	6,838	7,927	8,978	9,989	10,961	11,892
Intangible As.	2,868	1,481	3,098	3,341	3,569	3,782	4,479	5,160	5,824	6,472	7,103	7,716
Goodwill	467	467	443	443	443	443	443	443	443	443	443	443
Capital WIP	131	208	102	102	102	102	102	102	102	102	102	102
Investments	5,507	2,658	12,295	9,848	9,646	9,443	9,241	9,039	8,837	8,634	8,432	8,230
Oth. Non-curr.	27,087	9,708	50,912	40,326	39,140	37,953	36,766	35,580	34,393	33,207	32,020	30,833
Total Non-Cur.	38,675	17,515	72,466	59,411	58,449	57,936	57,870	58,251	58,577	58,847	59,061	59,217
Current Assets												
Investments	31,895	1,472	0	0	0	0	0	0	0	0	0	0
Trade Rec.	3,010	3,393	7,464	9,319	10,717	12,324	14,173	16,299	18,743	21,555	24,788	28,506
Cash & Equiv.	5,401	28,764	52,020	41,537	24,240	58,875	53,455	52,022	57,373	69,503	88,350	115,443
Other Curr.	24,051	40,370	47,966	50,189	52,633	54,684	56,821	59,050	61,371	63,790	66,309	68,932
Total Current	64,357	73,999	107,450	101,045	87,590	125,883	124,449	127,371	137,488	154,848	179,448	212,882
Total Assets	103,031	91,513	179,916	160,455	146,039	183,818	182,319	185,621	196,064	213,696	238,509	272,099

Source: Company, YES Sec – Research, Consolidated Financials

Exhibit 13: Balance Sheet - Equity and Liabilities

Rs mn	FY20	FY21	FY22	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Equity and Liabilities												
Share capital	604	605	649	649	649	679	679	679	679	679	679	679
Other equity	80,448	64,743	140,867	119,699	103,819	140,008	136,843	138,365	146,903	162,494	185,117	216,354
Net Worth	81,053	65,348	141,516	120,348	104,468	140,687	137,522	139,044	147,582	163,173	185,796	217,033
Non-cont. int.	(140)	(186)	(221)	(221)	(221)	(221)	(221)	(221)	(221)	(221)	(221)	(221)
Total Equity	80,912	65,162	141,295	120,127	104,247	140,466	137,301	138,823	147,361	162,952	185,575	216,812
Non-Current Liabilities												
Lease liabilities	1,822	427	1,822	1,858	1,896	1,934	1,972	2,012	2,052	2,093	2,135	2,177
Oth. Non-Curr.	3,637	4,372	3,474	3,543	3,614	3,687	3,760	3,836	3,912	3,991	4,070	4,152
Total Non-Cur.	5,459	4,799	5,296	5,402	5,510	5,620	5,733	5,847	5,964	6,083	6,205	6,329
Current Liabilities												
Borrowings	2,081	5,449	1	1	1	1	1	1	1	1	1	1
Trade payables	6,116	6,052	7,514	8,607	9,445	10,366	11,380	12,495	13,721	15,071	16,555	18,187
Oth. Curr.	8,462	10,051	25,810	26,318	26,837	27,366	27,905	28,456	29,017	29,589	30,173	30,769
Total Cur.	16,660	21,553	33,325	34,926	36,282	37,733	39,286	40,951	42,739	44,661	46,729	48,957
Total Liabilities	103,031	91,513	179,916	160,455	146,039	183,818	182,319	185,621	196,064	213,696	238,509	272,099

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 Payments Bank	14,435	BV	4,812	3.0	49%	7,073	10.9
Paytm First Games	7,465	Sales	1,493	5.0	55%	4,106	6.3
Value of Associates/JV						11,179	17.2

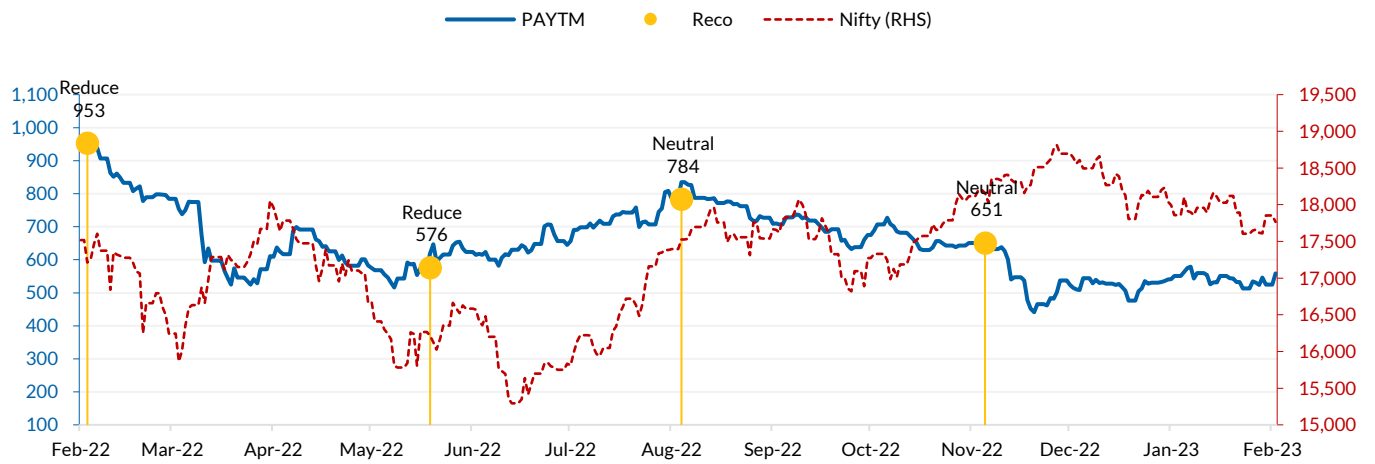
Source: Company, YES Sec – Research

Exhibit 15: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Total Revenue	81,263	101,119	119,556	81,786	101,593	120,033	(0.6)	(0.5)	(0.4)
EBITDA (Ex-OI)	(20,302)	(15,333)	(8,669)	(20,763)	(15,909)	(9,076)	2.2	3.6	4.5
PAT (Ex-As./JV)	(20,256)	(15,197)	(8,432)	(20,719)	(15,774)	(8,840)	2.2	3.7	4.6

Source: Company, YES Sec – Research

Recommendation Tracker



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