

One 97 Communications

Estimate change 

TP change 

Rating change 

Bloomberg	PAYTM IN
Equity Shares (m)	649
M.Cap.(INRb)/(USDb)	437 / 5.3
52-Week Range (INR)	844 / 440
1, 6, 12 Rel. Per (%)	5/6/12
12M Avg Val (INR M)	3013

Financials & Valuations (INR b)

Y/E Mar	FY23	FY24E	FY25E
Revenue	79.9	108.1	136.8
Cont. Profit	39.0	60.3	77.8
Adj. EBITDA	(1.8)	9.6	16.0
EBITDA	(16.3)	(5.0)	5.2
PAT	(17.8)	(7.2)	2.1
EPS (INR)	(28.0)	(11.2)	3.2
EPS Gr. (%)	(24.1)	(60.1)	NM

Ratios (%)

Cont. Margin	48.8	55.8	56.9
Adj. EBITDA Margin	(2.2)	8.9	11.7
EBITDA Margin	(20.4)	(4.6)	3.8
ROE (%)	(13.1)	(5.5)	1.6
ROA (%)	(9.9)	(4.1)	1.2

Valuations

P/E(X)	(24.6)	(61.6)	NM
P/BV (X)	3.4	3.4	3.5
P/Sales (X)	5.5	4.1	3.3

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	0.0	0.0	0.0
DII	63.5	68.0	1.1
FII	11.6	6.7	4.4
Others	25.0	25.3	94.5

FII Includes depository receipts

CMP: INR689

TP: INR900 (+31%)

Buy

Business momentum strong; core profitability improving

Adjusted EBITDA improves further with margins of ~5%

- Paytm reported a healthy quarter, with a net loss moderating to INR1.7b from INR3.9b in 3QFY23 (aided by UPI incentives). Total revenue was supported by healthy growth in GMV and disbursements. Momentum in the addition of subscription devices remained strong.
- Net payment margin grew at a robust pace, which, along with financial services revenue, resulted in improvements in contribution margin to ~52% (ex UPI incentives). Adjusted EBITDA margin improved to ~5% v/s 1.5% in 3QFY23.
- We tweak our estimates and expect Paytm to report PAT of INR2.1b by FY25 v/s earlier estimate of INR1.2b. We estimate adjusted EBITDA margin/EBITDA margin of 11.7%/3.8% and contribution margin of ~57% by FY25. **We reiterate our BUY rating on the stock.**

Contribution margin improves to ~52% (ex UPI incentives)

- Paytm reported a loss of INR1.7b v/s a loss of INR3.9b in 3QFY23 and INR7.6b in 4QFY23. In FY23, the net loss stood at INR17.8b v/s a loss of INR24b in FY22.
- Total revenue grew 52% YoY to INR23.3b, which included UPI incentives of INR1.33b pertaining to 1Q-3QFY23. Excluding UPI incentives, revenue grew by 43% YoY. In FY23, total revenue grew ~61% YoY to INR79.9b.
- Revenue from payment and financial services grew 59% YoY to INR19.2b, with 182% YoY growth in financial services and 61% YoY growth in payment services to merchants. Financial services now form ~20% of total revenue.
- Revenue from commerce and cloud services grew 23% YoY to INR3.9b, led by seasonally high volume of events in the entertainment business. The number of active cards increased by 0.14m to ~0.6m as of 4QY23.
- Payment processing charges stood at 22bp of GMV v/s 21bp in 3QFY23. Thus, net payment margin grew 158% YoY to INR6.9b (107% YoY ex UPI incentives), aided by healthy subscription revenue as subscription devices increase to 6.8m (up ~1m in 4QFY23).
- Direct expenses moderated to 45% of total revenues (49% in 3QFY23), driven by a moderation in promotional cash-back and incentives. Thus, contribution profit rose to INR12.8b (INR11.5b ex UPI incentives), with contribution margin of 55% in 4QFY23 (~52% ex UPI incentives).
- Adjusted EBITDA came in at INR2.34b in 4QFY23 (INR1.01b ex UPI incentives) v/s INR310m in 3QFY23. Adjusted EBITDA margin improved to 10% (5% ex UPI incentives). In FY23, adjusted EBITDA stood at a loss of INR1.8b.
- GMV grew 40% YoY to INR3.6t in 4Q (+55% YoY to INR 13.2t in FY23). Loan disbursements grew 253% YoY to INR125.5b in 4QFY23 (+364% YoY to INR353.8b in FY23).

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Highlights from the management commentary

- Paytm remains focused on becoming free cash flow positive in the near to medium term.
- Disbursal growth has now become broad-based, with healthy momentum in consumer and merchant loans.
- The quality of portfolio improved in 4Q v/s 3Q, with a reduction in bounce rates and a moderation in ECL costs.
- Contribution margin is expected to remain around the same levels with a positive bias going ahead.
- Operating leverage will continue to play, which will drive improvement in adjusted EBITDA margin over the medium term.

Valuation and view

Paytm reported a healthy 4QFY23, with sustained momentum in GMV and robust growth in disbursements. This, coupled with a strong traction in subscription devices, led to healthy growth in overall revenues. Gradual improvements in operating leverage boosted contribution margin to 52%, (ex UPI incentives). Adjusted EBITDA improved further to ~5% (ex UPI incentives). We believe that a constant improvement in contribution margin and operating leverage will continue to drive operating profitability. We thus estimate Paytm to achieve EBITDA break-even by FY25 and **value Paytm based on 18x FY28E EV/EBITDA and discount the same to FY25E taking a discount rate of ~15%. We thus value the stock at INR900, which implies 4.5x FY25E P/Sales.**

Quarterly performance**(INR b)**

	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Payment Services to Consumers	3.0	3.5	4.1	4.7	5.2	5.5	5.1	5.2	15.3	21.1
Payment Services to Merchants	3.3	4.0	5.9	5.7	5.6	6.2	6.4	9.2	18.9	27.4
Financial Services and Others	0.5	0.9	1.3	1.7	2.7	3.5	4.5	4.8	4.4	15.4
Payment and Financial Services	6.9	8.4	11.2	12.1	13.5	15.2	16.0	19.2	38.6	63.8
% Change (Y-o-Y)	60.3	69.3	97.7	96.0	95.4	80.6	43.2	58.6	82.9	65.5
Commerce	0.5	0.8	1.3	1.0	1.4	1.3	1.9	1.7	3.7	6.2
Cloud	1.5	1.6	2.0	2.2	1.9	2.5	2.4	2.3	7.3	9.1
Commerce and Cloud Services	2.0	2.4	3.4	3.2	3.3	3.8	4.2	3.9	11.0	15.2
% Change (Y-o-Y)	65.1	46.8	63.8	61.3	64.8	54.6	23.8	22.7	59.4	37.6
Revenue from Operations	8.9	10.9	14.6	15.4	16.8	19.1	20.6	23.4	49.7	79.9
% Change (Y-o-Y)	61.4	63.6	88.6	89.0	88.5	76.2	41.7	51.5	77.5	60.6
Direct Expenses	6.5	8.3	10.0	10.0	9.5	10.7	10.2	10.5	34.8	40.9
Contribution Profit	2.4	2.6	4.5	5.4	7.3	8.4	10.5	12.8	15.0	39.0
% Change (Y-o-Y)	196.4	593.4	560.4	209.7	196.8	223.4	131.0	138.1	313.3	160.3
Indirect Expenses	5.8	6.9	8.5	9.1	10.0	10.1	10.2	10.5	30.2	40.8
Adjusted EBITDA	-3.3	-4.3	-3.9	-3.7	-2.8	-1.7	0.3	2.3	-15.2	-1.8
EBITDA	-3.7	-4.4	-7.8	-7.3	-6.3	-5.4	-3.3	-1.3	-23.3	-16.3
PAT	-3.8	-4.7	-7.8	-7.6	-6.5	-5.7	-3.9	-1.7	-24.0	-17.8
% Change (Y-o-Y)	34.0	8.6	45.4	71.6	68.9	20.4	-49.6	-78.0	40.9	-25.9
Operating Parameters										
GMV (INR t)	1.5	2.0	2.5	2.6	3.0	3.2	3.5	3.6	8.5	13.2
Disbursements (INR b)	6.3	12.6	21.8	35.5	55.5	73.1	99.6	125.5	76.2	353.8
GMV Growth (%)	110.8	106.5	123.0	104.3	101.5	62.6	38.4	39.8	111.2	55.2
Disbursements Growth (%)	1,336.4	510.2	366.0	417.2	778.8	481.8	356.6	253.3	440.9	364.2
Asset Quality										
Contribution Margin	27.4	24.0	31.2	35.0	43.2	44.0	50.8	55.0	30.1	48.8
Adjusted EBITDA Margin (%)	-37.3	-39.2	-27.0	-23.8	-16.4	-8.7	1.5	10.0	-30.5	-2.2
EBITDA Margin (%)	-41.7	-41.0	-53.7	-47.3	-37.8	-28.1	-16.0	-5.5	-46.8	-20.4

E: MOFSL estimates

Quarterly snapshot

Profit and Loss (INR m)	FY21				FY22				FY23				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Payment Services to Consumers	2,090	2,290	2,539	2,778	3,005	3,536	4,058	4,687	5,190	5,490	5,130	5,240	12	2
Payment Services to Merchants	1,980	2,435	2,694	3,008	3,340	4,003	5,858	5,718	5,570	6,240	6,400	9,180	61	43
Financial Services and Others	230	253	416	381	549	887	1,252	1,684	2,710	3,490	4,460	4,750	182	7
Payment and Financial Services	4,300	4,978	5,649	6,167	6,894	8,426	11,168	12,089	13,470	15,220	15,990	19,170	59	20
Commerce	270	497	858	831	517	838	1,348	1,033	1,390	1,250	1,850	1,680	63	-9
Cloud	950	1,164	1,213	1,155	1,497	1,600	2,045	2,170	1,930	2,520	2,350	2,250	4	-4
Commerce and Cloud Services	1,220	1,661	2,071	1,986	2,014	2,438	3,393	3,203	3,320	3,770	4,200	3,930	23	-6
Other Operating Revenue	0	0	0	0	0	0	0	117	20	150	440	250	114	-43
Revenue from Operations	5,520	6,639	7,720	8,153	8,908	10,864	14,561	15,409	16,796	19,140	20,630	23,350	52	13
Payment processing charges	3,980	4,924	5,177	5,087	5,265	6,700	7,831	7,742	6,938	7,460	7,380	7,803	1	6
Promotional cash back & in.	315	742	1,100	200	607	833	1,166	1,175	1,431	1,910	910	780	-34	-14
Direct Expenses	4,695	6,263	7,033	6,412	6,463	8,257	10,024	10,017	9,539	10,710	10,150	10,513	5	4
Contribution Profit	825	376	687	1,741	2,445	2,607	4,537	5,392	7,257	8,430	10,480	12,837	138	22
Indirect Expenses	4,040	4,645	5,562	5,936	5,770	6,866	8,465	9,067	10,012	10,100	10,170	10,500	16	3
Adjusted EBITDA	-3,215	-4,269	-4,875	-4,195	-3,325	-4,259	-3,928	-3,675	-2,755	-1,670	310	2,337	-164	654
ESOP Expense	110	189	415	416	390	190	3,895	3,615	3,590	3,710	3,620	3,630	0	0
EBITDA	-3,325	-4,458	-5,290	-4,611	-3,715	-4,449	-7,823	-7,290	-6,345	-5,380	-3,310	-1,293	-82	-61
Finance Costs	100	83	92	71	100	102	125	70	55	50	50	70	0	40
Depreciation and Amortization	400	490	382	510	410	504	609	951	972	1,040	1,240	1,600	68	29
Other Income	980	942	955	965	570	481	773	1,075	1,020	996	780	1,301	21	67
PBT	-2,815	-4,285	-5,052	-4,562	-3,775	-4,724	-7,729	-7,619	-6,412	-5,564	-3,770	-1,682	-78	-55
Tax	-40	84	103	-119	30	20	56	6	48	150	150	-7	-217	-105
PAT	-2,855	-4,369	-5,355	-4,444	-3,825	-4,744	-7,785	-7,625	-6,460	-5,714	-3,920	-1,675	-78	-57
Balance Sheet (INR m)														
Net Cash Balance	NA	NA	NA	NA	NA	NA	NA	92,710	94,110	91,820	89,560	82,740	-11	-8
Key Metrics (INR b)														
GMV (INR t)	0.7	0.9	1.1	1.3	1.5	2.0	2.5	2.6	3.0	3.2	3.5	3.6	40	5
Disbursements (INR b)	0.4	2.1	4.7	6.9	6.3	12.6	21.8	35.5	55.5	73.1	99.6	125.5	253	26
No of loans disbursed (In Mn)	0.0	0.3	0.9	1.4	1.4	2.8	4.4	6.5	8.5	9.2	10.5	11.9	82	14
Net Payment Margins (INR m)	90	-199	56	699	1,080	839	2,085	2,663	3,822	4,420	4,590	6,867	158	50
MTU (average) (Mn)	39.7	43.0	47.1	50.4	50.4	57.4	64.4	70.9	74.8	79.7	84.9	90.0	27	6
Registered Merchants (Mn)	17.0	18.5	20.0	21.1	21.8	23.0	24.9	26.7	28.3	29.5	31.4	33.5	25	7
Payment Devices (Mn)	0.2	0.3	0.6	0.8	0.9	1.3	2.0	2.9	3.8	4.8	5.8	6.8	134	17
Ratios	FY21				FY22				FY23				Change (bp)	
Key Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Take rates - Financial Services	52.3	12.3	8.9	5.5	8.7	7.1	5.7	4.7	4.9	4.8	4.5	3.8	-96	-70
Payment processing charges % of GMV	0.57	0.52	0.46	0.40	0.36	0.34	0.31	0.30	0.23	0.23	0.21	0.22	-8	1
Net Payment Margin as % of GMV	0.01	-0.02	0.00	0.06	0.07	0.04	0.08	0.11	0.13	0.14	0.13	0.19	8	6
Net Payment Margin	2.2	-4.2	1.1	12.1	17.0	11.1	21.0	25.6	35.5	37.2	38.3	46.8	2,122	846
Direct Expense % of Revenues	85.1	94.3	91.1	78.6	72.6	76.0	68.8	65.0	56.8	56.0	49.2	45.0	-1,998	-418
Contribution Margin	14.9	5.7	8.9	21.4	27.4	24.0	31.2	35.0	43.2	44.0	50.8	55.0	1,998	418
Indirect Expense % of Revenues	73.2	70.0	72.0	72.8	64.8	63.2	58.1	58.8	59.6	52.8	49.3	45.0	-1,387	-433
Adjusted EBITDA Margin (%)	-58.2	-64.3	-63.1	-51.5	-37.3	-39.2	-27.0	-23.8	-16.4	-8.7	1.5	10.0	3,386	851
EBITDA Margin (%)	-60.2	-67.1	-68.5	-56.6	-41.7	-41.0	-53.7	-47.3	-37.8	-28.1	-16.0	-5.5	4,177	1,051
PAT Margin (%)	-51.7	-65.8	-69.4	-54.5	-42.9	-43.7	-53.5	-49.5	-38.5	-29.9	-19.0	-7.2	4,231	1,183

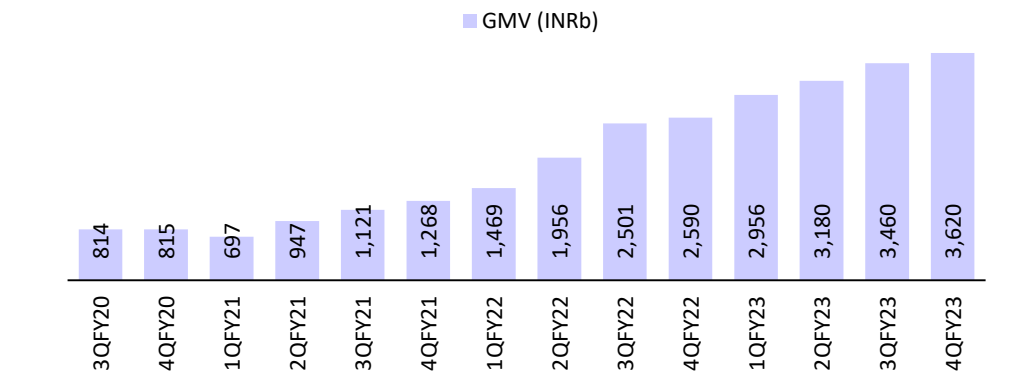


Highlights from the management commentary

Balance sheet

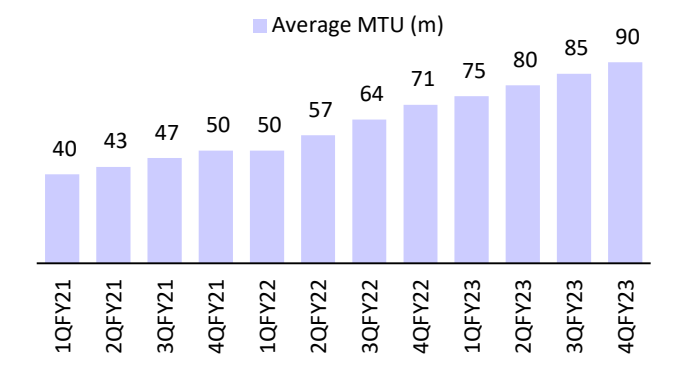
- Paytm remains focused on becoming free cash flow positive over the near to medium term.
- UPI incentives for all four quarters of FY23 were received in 4Q and stood at INR1.82b (INR1.33b for 9MFY23).
- Its financial and payment businesses are witnessing healthy growth, aided by subscription revenue and higher merchant adoption.
- UPI is gradually expanding its product proposition, with other payments options being added such as Credit card, PPI, etc.
- The imposition of interchange fees on PPI wallet transactions will further result in additional revenue for Paytm. However, the actual benefits will depend on the usage of Paytm wallet on non-Paytm QR codes at the merchant level.
- Distribution of co-branded credit cards continues to grow at a healthy pace, which will aid the commerce and cloud revenues.
- Net payment processing margin remains ~7-9bp of GMV.
- The disbursal growth has now become more broad-based, with healthy momentum in consumer and merchant loans.
- The penetration to MTU and merchant base remains low, which will continue to drive healthy momentum in disbursements.
- The quality of portfolio improved in 4Q v/s 3Q, with a reduction in bounce rates and a moderation in ECL costs.
- Marketing business is witnessing deterioration; however, it forms just 3% of total revenue and thus should not impact the growth trajectory.
- Paytm is planning to launch a Rupay credit card, which will further enhance its value proposition.
- Paytm has launched 4G-enabled Soundbox and also upgraded dynamic QR devices, which will further improve the customer and merchant experience and the ease of payment transactions.
- With wallet interoperability going live, it makes Paytm universally acceptable on all UPI QR codes and online merchants, which will enable an additional pool of transactions.
- Paytm has tied up with seven partners, five NBFCs and two banks. It is looking to add more partners to expand its financial product distribution. Some of the tie-ups would be announced in 1QFY24.
- Since the portfolio performance has performed better than the estimate, the ECL assumption has moderated, which has resulted in some decline in gross take rate. However, on net basis, revenue and EBITDA remain intact as payment processing charges also moderate.
- Contribution margin is expected to remain around similar levels with a slight positive bias going ahead.
- Operating leverage will continue to play, which will drive improvements in adjusted EBITDA margin over the medium term.
- Rental active subscription devices form ~90% of total devices, while 85% are active on the transaction side.
- About 4-4.5m users are using post-paid loans on a monthly basis.

Exhibit 1: Total GMV grew 40% YoY to INR3.6t in 4QFY23



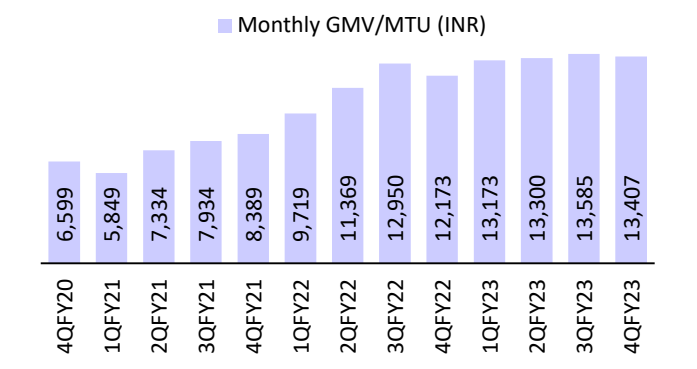
Source: MOFSL, Company

Exhibit 2: Average MTU increased to 90m in 4QFY23



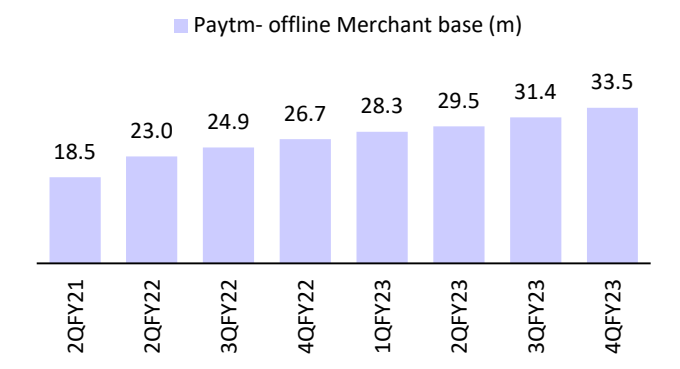
Source: MOFSL, Company

Exhibit 3: Monthly GMV/MTU stood at INR13.4k in 4QFY23



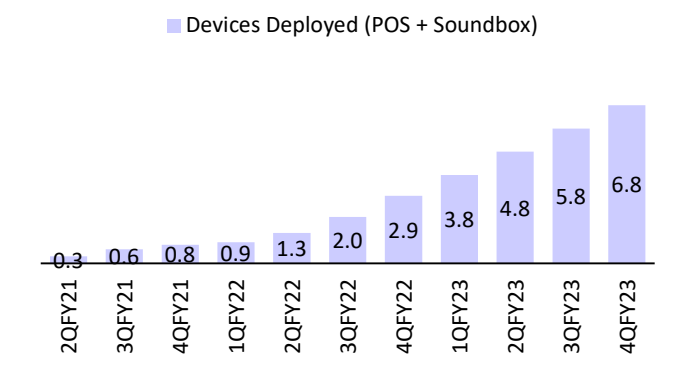
Source: MOFSL, Company

Exhibit 4: Merchant base grew to 33.5m in 4QFY23



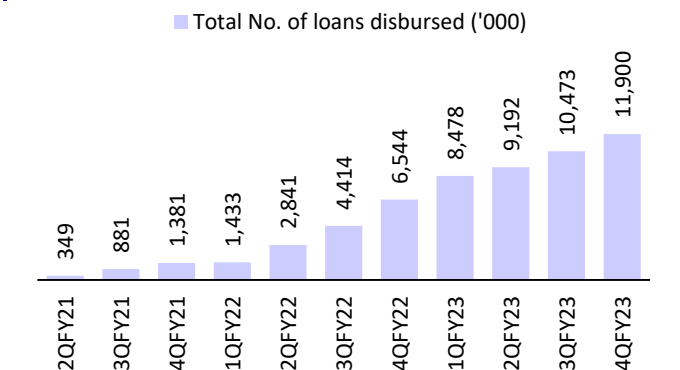
Source: MOFSL, Company

Exhibit 5: Devices deployed increased to 6.8m in 4QFY23



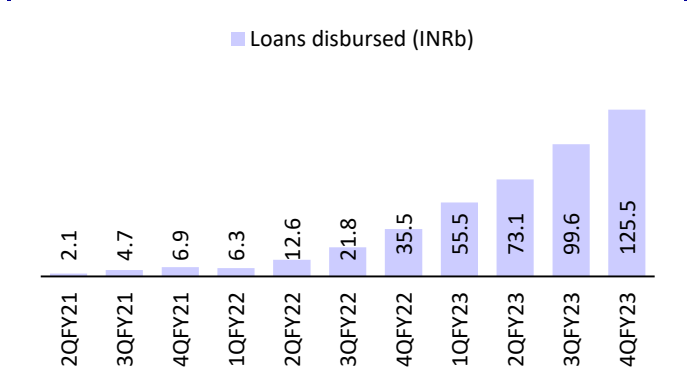
Source: MOFSL, Company

Exhibit 6: No of loans disbursed increased to 11.9m

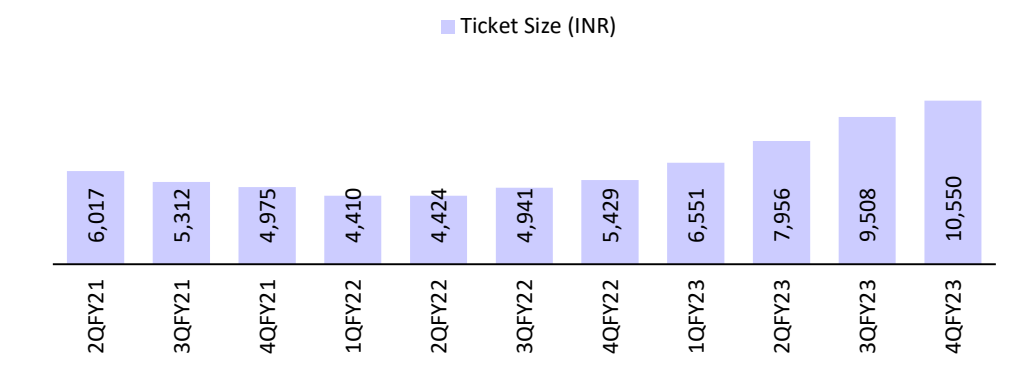


Source: MOFSL, Company

Exhibit 7: Value of loans surged 3.5x YoY to 125.5b in 4Q



Source: MOFSL, Company

Exhibit 8: Ticket size rose to INR10.6k in 4QFY23 v/s INR9.5k in 3QFY23

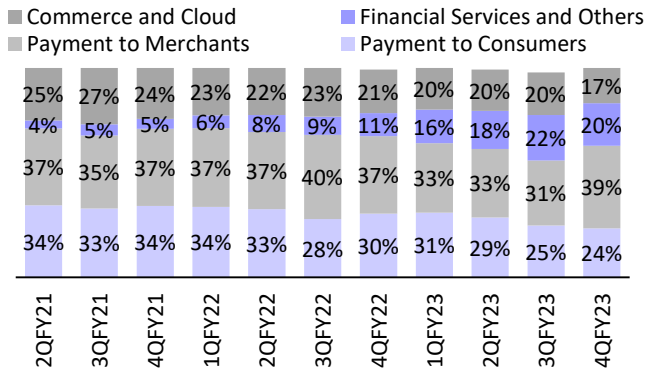
Source: MOFSL, Company

Valuation and view

- Paytm is witnessing a steady rise in the consumer/merchant base (currently at ~350m/~33.5m), which has helped Paytm post a 55% CAGR in GMV over FY19-23. With increasing use cases, we expect a healthy 29% CAGR in GMV over FY23-25. The company reported steady growth in monthly transacting users to ~90m as of FY23, while the number of subscription payment devices grew to 6.8m. As the penetration among merchants remains low, we expect the traction to remain intact with an addition of ~0.9-1m devices on a quarterly basis, thus driving a 22% CAGR in total payment revenue.
- The overall payment industry is expected to double to USD16t by 2026, and the mix of digital payments is expected to increase to 65%. Thus, digital payments are expected to grow ~3x to USD10t by 2026 from USD3t in 2021. Mobile payments are expected to grow even faster at ~5x to USD3t by 2026. Moreover, an increase in QR deployment will boost merchant payments, which are likely to grow ~6x to USD2.7t by 2026. Paytm will be a big beneficiary of this, as it has built up a strong position in the digital payments and lending businesses.
- In 4QFY23, Paytm posted 3.5x growth in the value of loans disbursed, with an annualized run rate of INR500b. We estimate a steady 64% CAGR in disbursements over FY23-25, thus driving the mix of financial revenue to 30% from 9% in FY22. We estimate contribution margin to improve to 57% by FY25 from 30% in FY22, led by improvements in operating leverage and the rise in the financial business mix.
- **Reiterate BUY with a TP of INR900:** Paytm reported a healthy 4QFY23, with a sustained momentum in GMV and robust growth in disbursements. This, coupled with strong traction in subscription devices, led to healthy growth in total revenue. Gradual improvements in operating leverage boosted contribution margin to 52% (ex UPI incentives). Adjusted EBITDA improved further with a margin of ~5% (ex UI incentive). We believe that a constant improvement in contribution margin and operating leverage will continue to drive operating profitability. We thus estimate Paytm to achieve EBITDA break-even by FY25 and **value Paytm based on 18x FY28E EV/EBITDA and discount the same to FY25E taking a discount rate of ~15%. We thus value the stock at INR900, which implies 4.5x FY25E P/Sales.**

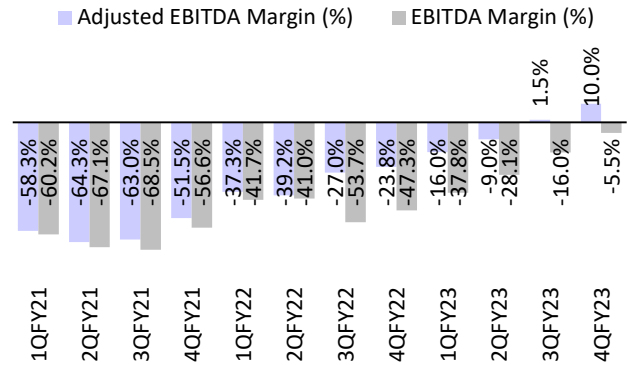
Story in charts

Exhibit 9: Payment and Financial services form 83% within which Financial services and others form ~20%



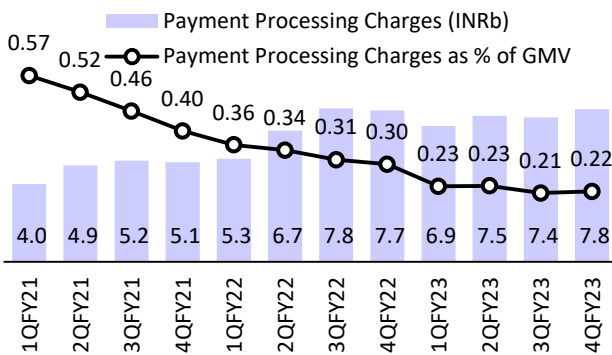
Source: MOFSL, Company

Exhibit 10: Adjusted EBITDA margins improved to 10% in 4QFY23 (5% ex UPI incentive) v/s -1.5% in 3QFY23



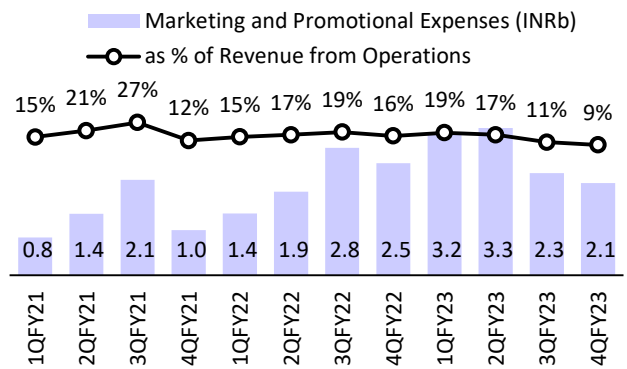
Source: MOFSL, Company

Exhibit 11: Payment processing charges form 0.22% of GMV



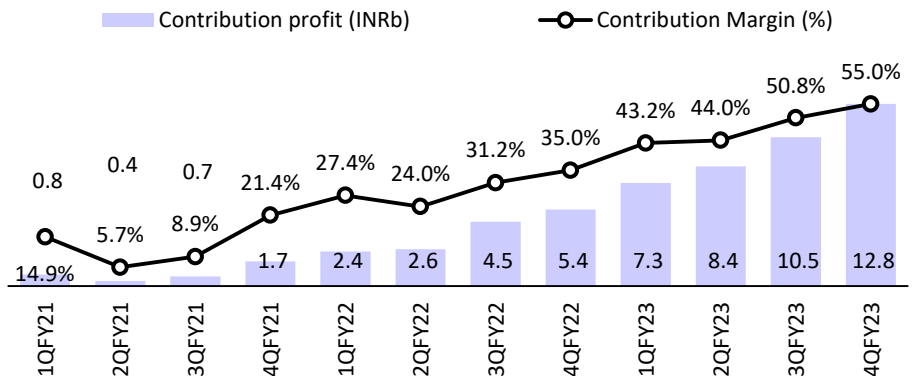
Source: MOFSL, Company

Exhibit 12: Marketing expenses moderated to 9% of revenues



Source: MOFSL, Company

Exhibit 13: Contribution margin improved to 55% in 4QFY23 (52% ex of UPI incentive) v/s 51% in 3QFY23



Source: MOFSL, Company

Financials and valuations

Income Statement						(INR m)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Payment Services to Consumers	10,851	10,120	9,692	15,286	21,050	23,201	26,398
Payment Services to Merchants	4,860	7,658	10,116	18,919	27,390	36,075	45,518
Financial Services and Others	1,244	1,290	1,284	4,372	15,400	28,977	40,787
Payment and Financial Services	16,955	19,068	21,092	38,577	63,840	88,254	112,702
Growth (%)	NM	12.5	10.6	82.9	65.5	38.2	27.7
Commerce	11,915	7,109	2,452	3,736	6,150	7,688	9,456
Cloud	3,450	4,079	4,480	7,312	9,050	11,132	13,358
Commerce and Cloud Services	15,365	11,188	6,932	11,048	15,200	18,819	22,813
Growth (%)	NM	-27.2	-38.0	59.4	37.6	23.8	21.2
Other Operating Revenue	-	2,552	-	117	860	1,032	1,238
Revenue from Operations	32,320	32,808	28,024	49,742	79,900	108,105	136,754
Growth (%)	NM	1.5	-14.6	77.5	60.6	35.3	26.5
Payment processing charges	22,574	22,659	19,168	27,538	29,580	33,513	40,256
Promotional cash back & incentives	27,937	9,592	2,357	3,781	5,020	5,156	5,939
Other Expenses	1,789	2,935	2,874	3,442	6,300	9,135	12,789
Direct Expenses	52,300	35,186	24,399	34,761	40,900	47,804	58,985
Growth (%)	NM	-32.7	-30.7	42.5	17.7	16.9	23.4
Contribution Profit	-19,980	-2,378	3,625	14,981	39,000	60,301	77,769
Growth (%)	NM	-88.1	-252.4	313.3	160.3	54.6	29.0
Marketing	6,146	4,379	2,968	4,773	5,740	7,135	8,615
Employee cost (Ex ESOPs)	7,016	9,532	10,724	16,226	23,230	29,270	36,002
Software, cloud and data center	3,096	3,603	3,498	4,999	6,940	8,536	10,329
Other indirect expenses	5,877	4,791	2,983	4,160	4,850	5,723	6,868
Indirect Expenses	22,135	22,305	20,173	30,158	40,760	50,664	61,814
Growth (%)	NM	0.8	-9.6	49.5	35.2	24.3	22.0
Adjusted EBITDA	-42,115	-24,683	-16,548	-15,177	-1,760	9,637	15,955
Growth (%)	NM	-41.4	-33.0	-8.3	-88.4	-647.6	65.6
ESOP Expense	1,546	1,661	1,125	8,093	14,560	14,610	10,710
EBITDA	-43,661	-26,344	-17,673	-23,270	-16,320	-4,973	5,245
Growth (%)	NM	-39.7	-32.9	31.7	-29.9	-69.5	-205.5
Finance Costs	342	485	348	394	230	265	304
Depreciation and Amortization Expenses	1,116	1,745	1,785	2,473	4,850	6,645	8,970
Other Income	3,477	2,599	3,844	2,901	4,100	5,248	6,455
PBT	-41,642	-25,975	-15,962	-23,368	-17,300	-6,634	2,426
Share of (profit)/loss of associates/JV	-146	560	740	459	130	146	166
Exceptional items	825	3,047	281	24	0	0	0
Tax	-65	-158	27	113	336	407	181
PAT	-42,256	-29,424	-17,010	-23,964	-17,766	-7,186	2,079
Growth (%)	NM	-30.4	-42.2	40.9	-25.9	-59.6	-128.9

Balance Sheet

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Share Capital	575	604	605	649	634	642	652
Reserves & Surplus	56,812	80,448	64,743	140,867	129,522	128,803	129,843
Non-Controlling Interest	862	-140	-186	-221	-227	-250	-275
Net Worth	58,249	80,912	65,162	141,295	129,929	129,196	130,220
Non-Current Liabilities	705	6,017	5,229	6,119	6,435	2,485	2,610
Current Liabilities	26,867	16,102	21,122	32,502	43,294	40,740	39,442
Total Liabilities	85,820	103,031	91,513	179,916	179,658	172,421	172,272
Fixed Assets	7,064	6,082	5,149	9,259	12,202	12,812	13,453
Investments in JV/Associates	2,002	2,468	2,317	2,233	2,518	-	-
Investments	1,511	3,038	341	10,062	13,247	17,342	19,076
Other Non-Current Assets	8,552	26,358	8,533	48,394	8,655	10,000	11,240
Non-Current Assets	19,129	37,947	16,340	69,948	36,622	40,153	43,768
Investments	24,979	31,895	1,472	-	11,206	11,206	11,206
Cash and Bank Balances	4,612	5,401	28,764	52,020	70,395	52,796	42,237
Other Current Assets	37,100	27,788	44,937	57,948	61,435	68,265	75,061
Current Assets	66,691	65,084	75,173	109,968	143,036	132,267	128,504
Total Assets	85,820	103,031	91,513	179,916	179,658	172,421	172,272

Financials and valuations

Key Operating Metrics

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
GMV (INR b)	2,292	3,032	4,033	8,516	13,220	17,186	21,998
Disbursements (INR b)	NA	NA	14	76	354	655	949
Net Payment Margins (INR m)	-6,863	-4,881	640	6,667	19,719	15,984	17,077
Revenue from Operations Mix (%)							
Payment Services to Consumers	34%	31%	35%	31%	27%	22%	20%
Payment Services to Merchants	15%	23%	36%	38%	34%	33%	33%
Financial Services and Others	4%	4%	5%	9%	19%	27%	30%
Payment and Financial Services	52%	58%	75%	78%	81%	83%	83%
Commerce	37%	29%	9%	8%	8%	7%	7%
Cloud	11%	12%	16%	15%	11%	10%	10%
Commerce and Cloud Services	48%	42%	25%	22%	19%	17%	17%

E: MOSL Estimates

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Payment Services to Consumers % of GMV	0.47	0.33	0.24	0.18	0.16	0.14	0.12
Payment Services to Merchants % of GMV	0.21	0.25	0.25	0.22	0.21	0.21	0.21
Take rates - Financial Services (%)	NA	NA	9.1	5.7	4.4	4.4	4.3
Payment processing charges % of GMV	0.98	0.75	0.48	0.32	0.22	0.20	0.18
Net Payment Margin (%)	-0.30	-0.16	0.02	0.08	0.15	0.09	0.08
Direct Expense % of Revenues	161.8	107.2	87.1	69.9	51.2	44.2	43.1
Contribution Margin	-61.8	-7.2	12.9	30.1	48.8	55.8	56.9
Indirect Expense % of Revenues	68.5	68.0	72.0	60.6	51.0	46.9	45.2
Adjusted EBITDA Margin (%)	-130.3	-75.2	-59.0	-30.5	-2.2	8.9	11.7
EBITDA Margin (%)	-135.1	-80.3	-63.1	-46.8	-20.4	-4.6	3.8
PAT Margin (%)	-130.7	-89.7	-60.7	-48.2	-22.2	-6.6	1.5

Valuation

RoE	-62.9	-42.3	-23.3	-23.2	-13.1	-5.5	1.6
RoA	-49.0	-31.2	-17.5	-17.7	-9.9	-4.1	1.2
Sales per share (INR)	56	54	46	77	126	168	210
Growth (%)	NM	-3.4	-14.7	65.5	64.4	33.6	24.6
Price-Sales (x)	12.3	12.7	14.9	9.0	5.5	4.1	3.3
Book Value per share (INR)	101	134	108	218	205	201	200
Growth (%)	NM	32.2	-19.6	102.1	-5.9	-1.8	-0.8
Price-BV (x)	6.8	5.1	6.4	3.2	3.4	3.4	3.5
EBITDA per share (INR)	-76	-44	-29	-36	-26	-8	8
Price-EBITDA (x)	-9.1	-15.8	-23.6	-19.2	-26.8	-89.0	85.7
EPS (INR)	-73.5	-48.7	-28.1	-36.9	-28.0	-11.2	3.2
Growth (%)	NM	-33.7	-42.3	31.3	-24.1	-60.1	-128.5
Price-Earnings (x)	-9.4	-14.2	-24.5	-18.7	-24.6	-61.6	216.2

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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