

24 July 2023

India | Equity Research | Q1FY24 results review

One 97 Communications

Financial Services

Well balanced quarter between growth, margin, credit quality and investments

One97 Communications' (Paytm) Q1FY24 results yielded three key trends: (1) increase in margins on payments; (2) lower take rates in financial services, but continued improvement in asset quality; and (3) increase in fixed costs. The overarching strategy of growth in payments and credit distribution (without FLDG) remains intact and will only likely be boosted by partner addition and improving penetration within the ecosystem. Positive levers can come from expansion of credit partners (likely to add 3-4 partners in FY24) as well as launch of co-branded RuPay credit card (May'23). Maintain **BUY** with a target price of INR 1,055 (unchanged) based on the DCF methodology.

We expect profits in FY25E. The positive cycle of customer growth, retention and cross-sell as shown by the company is going to build confidence and valuation multiples.

Improving profit outlook is being helped by a combination of growth and operating leverage (FY21-FY23 revenue CAGR has been 32% vs operating cost {ex-ESOP} CAGR of 21%). Customer onboarding, increase in use cases and new advanced tech platform are helping growth. Soundbox (launched 4G-enabled Soundbox 3.0 offering fastest real-time payment alerts) and large employee base to service merchants (average number of sales employees as of Jun'23 stood at 30,148 vs 19,781 as at Jun'22) are helping in retention and cross-selling. This is evident from growth in financial services revenue (up 3.5x YoY to INR 15bn in FY23 from INR 4.3bn in FY22 and to INR 5.2bn in Q1FY24). The ability to grow, retain and cross-sell along with a strong balance sheet (INR 84bn as of Jun'23) should give confidence to the investor in the wake of changes in possible payment landscape. Increasing monetisation of the UPI platform and introduction of credit card in UPI could lead to positive surprises ahead.

Financial Summary

| Y/E March (INR mn) | FY22A | FY23A | FY24E | FY25E |
|---------------------|----------|----------|----------|----------|
| Net Revenue | 49,742 | 79,903 | 1,12,631 | 1,36,887 |
| Contribution | 14,981 | 39,000 | 60,930 | 73,323 |
| Contribution Margin | 30.1 | 48.8 | 54.1 | 53.6 |
| EBITDA | (23,402) | (16,315) | (5,624) | 3,260 |
| EBITDA Margin (%) | (47.0) | (20.0) | (4.9) | 2.4 |
| Net Profit | (23,964) | (17,765) | (7,954) | 729 |
| Diluted EPS (INR) | (34.4) | (26.1) | (11.7) | 1.1 |
| GMV (INR Bn) | 8,520 | 13,300 | 19,920 | 26,398 |
| Price/Sales | 9.7 | 5.9 | 4.2 | 3.4 |
| EV/EBITDA | (20.5) | (28.8) | (83.4) | 143.9 |

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Market Data

| | |
|---------------------|----------|
| Market Cap (INR) | 535bn |
| Market Cap (USD) | 6,530mn |
| Bloomberg Code | PAYTM IN |
| Reuters Code | PAYT BO |
| 52-week Range (INR) | 915 /438 |
| Free Float (%) | 30.0 |
| ADTV-3M (mn) (USD) | 41 |

| Price Performance (%) | 3m | 6m | 12m |
|-----------------------|------|------|------|
| Absolute | 27.2 | 55.3 | 13.6 |
| Relative to Sensex | 11.8 | 10.3 | 20.4 |

| ESG Disclosure | 2021 | 2022 | Change |
|----------------|------|------|--------|
| ESG score | 13.1 | 27.8 | 14.7 |
| Environment | 0.0 | 0.4 | 0.4 |
| Social | 3.2 | 15.1 | 11.9 |
| Governance | 36.1 | 67.8 | 31.7 |

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

Source: Bloomberg, I-sec research

| Earnings Revisions (%) | FY24E | FY25E |
|------------------------|-------|--------|
| Revenue | 4.9 | (1.0) |
| EBITDA | 22.4 | (43.0) |
| EPS | 16.4 | (63.3) |

Previous Reports

26-05-2023: [Company update](#)

08-05-2023: [Q4FY23 results review](#)

Maintain BUY with an unchanged target price of INR 1,055

We have factored in ~41% CAGR in GMV between FY23-FY25E (registered 82% CAGR between FY21-FY23) and expect gross payment take rates to decline from 0.36% in FY23 to 0.33% in FY25E. Deducting the subscription and UPI incentive from the same, we expect the net payment rate to decline from 8bps in Q4FY23 to ~7bps each year in FY24E and FY25E (however, similar number in Q1FY24 was 9.7bps). This is expected to lead to 34% CAGR in net payment margin income between FY23-FY25E. We expect financial services income to increase 30% driven by ~40% growth in disbursement between FY23-FY25E, while we factor-in yields moderation from 4.4% in FY23 to 3.7% in FY25E. Cloud & commerce revenue is expected to witness 20% CAGR between FY23-FY25E vs 48% CAGR in FY21-FY23. We expect contribution margin to improve from 44.6% in FY23 to ~54% in FY25 (Q1FY24 contribution margin was ~56%). We estimate adjusted EBITDA of INR 10bn/15bn for FY24E/FY25E (Q1FY24 adjusted-EBITDA {ex-ESOP} was INR 840mn).

Key performance indicators remained strong in Q1FY24

Average monthly transaction users (MTU) in Q1FY24 stood at 92mn, up 28% YoY. The number of merchants paying subscription for payments device increased 16% QoQ to 7.9mn in Q1FY24. GMV increased 12% QoQ to INR 4.1trn in Q1FY24. Growth in total loans disbursed stood at 18% QoQ to INR 148bn in Q1FY24. Company maintains 1mn quarterly device addition target.

Net payment processing margin remains at higher end of guidance

Q1FY24 net payment margin yield increased 3bps to 0.16%. This includes subscription charges, excluding which it will be 9.7bps (there is no UPI incentive in Q1FY24).

Credit portfolio performance continues to improve

ECL percentage for post-paid loans has improved from 0.75-1% in Q4FY23 to 0.65-0.85% in Q1FY24. The conscious decision not to raise rates to prevent adverse selection will also aid in better asset quality.

- ECL percentage remained stable for personal/merchant loans at 4.5-5%/5-5.5% in Q1FY24.
- Average ticket-size for post-paid loans in Q1FY24 increased by 18.3% to INR 6,536 in Q1FY24. Average ticket-size for personal loans increased by 17.8% to INR 0.13mn while merchant loan ticket-size saw an increase of 18.6% to INR 0.19mn in Q1FY24.
- Value of post-paid loans increased by 18% QoQ in Q1FY24 to INR 80.3bn. Personal loans saw a QoQ growth of 17.8% QoQ in Q1FY24 and stood at INR 40.6bn while merchant loans grew 18.6% QoQ to INR 27.4bn in Q1FY24.

Credit penetration metrics remain very low; company to maintain a calibrated growth approach

Paytm's post-paid penetration stood at 4.5% of average MTU as of Q1FY24 vs the 4.3% seen in Q4FY23. Personal loan penetration increased from 0.9% of average MTU in Q4FY23 to 1.1 of average MTU in Q1FY24. Merchant loan penetration improved to 6.2% in Q1FY24 as against 5.3% in Q4FY23. Device penetration as percentage of total merchants stood at 22% in Q1FY24 vs 13/16/18/20% in Q1/2/3/4FY23, respectively.

Contribution margin improved to 56% despite no UPI incentive in Q1FY24 driven by net better payment take rate

Net payment margin increased from 0.08% Q4FY23 to 0.097% in Q1FY24 to driven by higher non-UPI payment mix. The payment processing charges were also lower due to interoperability. We factor-in margin of 54% going forward. Q1FY24 contribution stood at INR 13bn (56% contribution margin).

Monetisation of app traffic is on track for cloud/commerce segment

Cloud and commerce revenue grew 22% YoY to INR 4bn in Q1FY24. The commerce front, which includes travel, movie, entertainment ticketing, deals and gift vouchers, saw revenue growth of 12% to INR 1.56bn. Commerce GMV increased by 10% YoY to INR 25.4bn. Growth was lower on account of lower volume of events in the entertainment business, which resulted in lower take rates. On the cloud business front, which includes advertising, co-branded credit cards, marketing cloud, and loyalty business, revenue grew 29% YoY to INR 2.5bn on account of growth in credit card distribution and advertising business. There is a cross-sell opportunity in credit cards from the existing post-paid user base.

Indirect costs have sharply risen to INR 12.2bn in Q1FY24 from INR 10bn levels for four quarters in FY24

Going forward, we have estimated 19% CAGR between FY23-FY25E for indirect costs. Periodic investments will likely remain, but should be lower than revenue growth. Key factors behind the 16% QoQ increase in fixed costs include: (1) higher employee costs due to annual appraisals, (2) expansion of sales and technology teams, and (3) higher investment in marketing during IPL.

Increase in cash balance QoQ

Due to positive EBITDA before ESOP, improvement in working capital, and interest income, cash balance has increased to INR 84bn as of Q1FY24 compared to INR 83bn in FY23.

Key Risks

Key risks include regulatory changes, adverse credit quality in loan disbursements and higher than expected fixed costs.

Exhibit 1: Q1FY24 review (consolidated)

| Income statement (INR mn) | Q1FY24 | Q1FY23 | % Change YoY | Q4FY23 | % Change QoQ |
|--|---------------|---------------|-----------------|---------------|----------------|
| Payment and financial services | 19,180 | 13,460 | 42.5% | 19,180 | 0.0% |
| Payment Service revenue | 13,969 | 10,760 | 29.8% | 14,420 | -3.1% |
| - Payment services to consumers | 5,540 | 5,190 | 6.7% | 5,240 | 5.7% |
| - Payment services to merchants | 8,429 | 5,570 | 51.3% | 9,180 | -8.2% |
| Financial Service revenue | 5,211 | 2,700 | 93.0% | 4,760 | 9.5% |
| Commerce and cloud services | 4,050 | 3,316 | 22.1% | 3,910 | 3.6% |
| -Commerce revenue | 1,560 | 1,390 | 12.2% | 1,680 | -7.1% |
| -Cloud revenue | 2,490 | 1,926 | 29.3% | 2,230 | 11.7% |
| Other operating revenue | 190 | 20 | | 250 | -24.0% |
| Revenue from operations | 23,420 | 16,796 | 39.4% | 23,340 | 0.3% |
| Payment processing charges | 7,670 | 6,938 | 10.6% | 7,800 | -1.7% |
| Promotional cashbacks and incentives | 850 | 1,430 | -40.6% | 780 | 9.0% |
| Other expenses | 1,860 | 1,170 | 59.0% | 1,930 | -3.6% |
| Contribution Profit | 13,040 | 7,258 | 79.7% | 12,830 | 1.6% |
| Other Marketing & promotional expenses | 1,803 | 1,751 | 3.0% | 1,265 | 42.5% |
| Employee benefits expense excluding ESOP | 7,300 | 5,527 | 32.1% | 6,139 | 18.9% |
| Software, cloud and data centre expenses | 1,550 | 1,622 | -4.4% | 1,880 | -17.6% |
| Other expense | 1,553 | 1,107 | 40.3% | 1,209 | 28.5% |
| Adjusted EBITDA | 834 | -2,749 | 130.3% | 2,337 | -64.3% |
| ESOP Expense | 3,761 | 3,590 | 4.8% | 3,630 | 3.6% |
| EBITDA | -2,927 | -6,339 | 53.8% | -1,293 | -126.4% |
| Depreciation and amortisation expense | 1,591 | 972 | 63.7% | 1,598 | -0.4% |
| Finance costs | 67 | 55 | 21.8% | 71 | -5.6% |
| Other income | 1,226 | 1,020 | 20.2% | 1,301 | -5.8% |
| PBT | -3,359 | -6,346 | 47.1% | -1,661 | -102.2% |
| Share of profit / (loss) of associates / joint ventures/Others | -181 | -60 | -201.7% | -23 | -687.0% |
| Exceptional items | - | - | | - | |
| Tax Expense | 44 | 48 | -8.3% | -7 | -728.6% |
| PAT | -3,584 | -6,454 | 44.5% | -1,677 | -113.7% |
| Ratios as %age of operating revenue | | | | | |
| Contribution margin | 55.7% | 43.2% | 1246 bps | 55.0% | 70 bps |
| EBITDA margin | -12.5% | -37.7% | 2524 bps | -5.5% | -696 bps |
| Adjusted EBITDA margin | 3.6% | -16.4% | 1992 bps | 10.0% | -646 bps |
| PAT margin | -15.3% | -38.4% | 2312 bps | -7.2% | -812 bps |
| Payment take rates | | | | | |
| GMV (Rs bn) | 4050 | 3000 | 35% | 3620 | 11.9% |
| Payment service revenues | 13,969 | 10,760 | 30% | 12,600 | 10.9% |
| Number of devices | 7.90 | 3.80 | 108% | 6.80 | 16.2% |
| Subscription charges | 2,370 | 1,140 | 108% | 2,040 | 16.2% |
| Payment service revenues (ex subs revenues) | 11,599 | 9,620 | 21% | 10,560 | 9.8% |
| % OF GMV | 0.29% | 0.32% | -4 bps | 0.29% | -1 bps |
| Payment processing charges | 7,670 | 6,938 | 11% | 7,800 | -1.7% |
| % OF GMV | 0.19% | 0.23% | -5 bps | 0.22% | -3 bps |
| Net payment margin | 0.097% | 0.09% | 0 bps | 0.076% | 2 bps |
| Financial services | 148450 | 55540 | 167% | 125540 | 18.2% |
| Revenue from Financial services | 5,211 | 2,700 | 93% | 4,760 | 9.5% |
| Financial services take rate | 3.51% | 4.86% | -136 bps | 3.79% | -29 bps |
| Ratios as %age of GMV | | | | | |
| GMV (Rsbn) | 4,050 | 3,000 | 35.0% | 3,620 | 11.9% |
| Payment and financial services | 0.47% | 0.45% | 2 bps | 0.53% | -6 bps |
| - Payment services to consumers | 0.14% | 0.17% | -4 bps | 0.14% | -1 bps |
| - Payment services to merchants | 0.21% | 0.19% | 2 bps | 0.25% | -5 bps |
| - Others including financial services revenue | 0.13% | 0.09% | 3 bps | 0.13% | -1 bps |
| Revenue from operations | 0.6% | 0.6% | 1 bps | 0.6% | -7 bps |
| Payment processing charges | 0.19% | 0.23% | -5 bps | 0.22% | -3 bps |
| Marketing and promotional expenses | 0.07% | 0.11% | -5 bps | 0.06% | 0 bps |
| Contribution | 0.32% | 0.24% | 8 bps | 0.35% | -4 bps |
| EBITDA | -0.07% | -0.21% | 13 bps | -0.04% | -4 bps |
| Adjusted EBITDA | 0.02% | -0.09% | 11 bps | 0.06% | -5 bps |

Source: Company data, I-Sec research

Exhibit 2: Strong pick up and acceleration in lending business

| | Q2FY22 | Q3FY22 | Q4FY22 | Q1FY23 | Q2FY23 | Q3FY23 | Q4FY23 | Q1FY24 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|
| Total value of loans disbursed (INR mn) | 12,570 | 21,810 | 35,530 | 55,540 | 73,130 | 99,580 | 1,25,540 | 1,48,450 |
| Total no. of loans disbursed (mn) | 2.8 | 4.4 | 6.5 | 8.5 | 9.2 | 10.5 | 11.9 | 12.8 |
| Avg. ticket size (INR) | 4,426 | 4,957 | 5,429 | 6,551 | 7,956 | 9,484 | 10,550 | 11,598 |
| BNPL Loans | | | | | | | | |
| BNPL Loans (Paytm postpaid) (INR mn) | 7,380 | 11,900 | 21,830 | 33,830 | 40,500 | 52,020 | 67,940 | 80,390 |
| No. of BNPL loans disbursed (mn) | 2.8 | 4.3 | 6.4 | 8.3 | 8.9 | 10.1 | 11.5 | 12.3 |
| Avg. ticket size (INR) | 2,645 | 2,755 | 3,411 | 4,076 | 4,551 | 5,150 | 5,908 | 6,536 |
| Instant personal Loans | | | | | | | | |
| Instant personal loans (INR mn) | 2,460 | 5,160 | 8,050 | 13,440 | 20,550 | 29,310 | 34,470 | 40,620 |
| No. of instant personal loans disbursed (mn) | 0.03 | 0.06 | 0.09 | 0.13 | 0.19 | 0.24 | 0.27 | 0.3 |
| Avg. ticket size (INR) | 84,828 | 86,000 | 87,500 | 1,01,818 | 1,08,158 | 1,22,125 | 1,27,667 | 1,35,400 |
| Merchant Loans | | | | | | | | |
| Merchant cash advance loans (INR mn) | 2,730 | 4,740 | 5,650 | 8,270 | 12,080 | 18,250 | 23,130 | 27,440 |
| No. of merchant loans disbursed (mn) | 0.02 | 0.04 | 0.04 | 0.06 | 0.08 | 0.12 | 0.14 | 0.14 |
| Avg. ticket size (INR) | 1,18,696 | 1,35,429 | 1,48,684 | 1,37,833 | 1,51,000 | 1,52,083 | 1,65,214 | 1,96,000 |

Source: Company data, I-Sec research

Exhibit 3: Penetration within Paytm universe remains very low

| Penetration | Q1FY23 | Q2FY23 | Q3FY23 | Q4FY23 | Q1FY24 |
|---|--------|--------|--------|--------|--------|
| Postpaid Loans % of average MTU | 4.00% | 4.00% | 4.00% | 4.30% | 4.50% |
| Personal loans % of average MTU | 0.50% | 0.60% | 0.80% | 0.90% | 1.10% |
| Merchant loans % of device merchants | 4.00% | 4.40% | 5.20% | 5.90% | 6.20% |
| Device penetration % of total merchants | 13% | 16% | 18% | 20% | 22% |

Source: Company data, I-Sec research

Exhibit 4: Net payments margin trend

| INR mn | Q1FY23 | Q2FY23 | Q3FY23 | Q4FY23 | Q1FY24 |
|---|-----------|-----------|-----------|-----------|-----------|
| GMV | 30,00,000 | 32,00,000 | 35,00,000 | 36,00,000 | 40,50,000 |
| Payment service revenues | 10,760 | 11,730 | 11,530 | 13,090* | 13,969 |
| Number of devices (mn) | 3.8 | 4.8 | 5.8 | 6.8 | 7.9 |
| Subscription charges (number of device*INR 100*3months) | 1,140 | 1,440 | 1,740 | 2,040 | 2,370 |
| Payment service revenues (ex-subs revenues) | 9,620 | 10,290 | 9,790 | 11,050 | 11,599 |
| % OF GMV | 0.32% | 0.32% | 0.28% | 0.31% | 0.29% |
| Payment processing charges | 6,938 | 7,458 | 7,378 | 7,800 | 7,670 |
| % OF GMV | 0.23% | 0.23% | 0.21% | 0.22% | 0.19% |
| Net payment margin | 0.09% | 0.09% | 0.07% | 0.09% | 0.10% |

Source: Company data, I-Sec research

Exhibit 5: Cash and cash equivalents trends

| INR bn | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 |
|--|-----------|-----------|-----------|-----------|-----------|
| Cash and Bank Balances in Current Accounts (Net of Borrowings) | 13 | 18 | 14 | 20 | 27 |
| Fixed Deposits with banks | 80 | 70 | 59 | 53 | 43 |
| Current Investments (Mutual Funds, Treasury bills and Commercial papers) | - | 7 | 19 | 17 | 12 |
| Total Balances | 93 | 94 | 92 | 90 | 83 |

Source: Company data, I-Sec research

Exhibit 6: Asset Quality of Loans distributed by Paytm

| Bucket 1 resolution | Q4FY22 | Q1FY23 | Q2FY23 | Q3FY23 | Q4FY23 | Q1FY24 |
|-------------------------------|----------|----------|----------|----------|-----------|-------------|
| Postpaid | 82-85% | 81-83% | 81-83% | 81-83% | 82-84% | 82% to 84% |
| Personal loans | 89-92% | 89-92% | 89-92% | 89-92% | 88-92% | 88% to 92% |
| Merchant loans | 84-87% | 84-87% | 84-87% | 84-87% | 80-85% | 78% to 83% |
| Recovery rate post 90+ | | | | | | |
| Postpaid | 25-27% | 25-27% | 25-27% | 25-27% | 30-35% | 30% to 35% |
| Personal loans | 27-29% | 27-29% | 27-29% | 27-29% | 27-29% | 27% to 29% |
| Merchant loans | 31-33% | 31-33% | 31-33% | 31-33% | 30-35% | 30% to 35% |
| ECL% | | | | | | |
| Postpaid | 1.1-1.3% | 1.1-1.3% | 1.1-1.3% | 1.1-1.3% | 0.75-1.0% | 0.65%-0.85% |
| Personal loans | 4.5-5% | 4.5-5% | 4.5-5% | 4.5-5% | 4.5-5% | 4.5% - 5.0% |
| Merchant loans | 5-5.5% | 5-5.5% | 5-5.5% | 5-5.5% | 5-5.5% | 5.0% - 5.5% |

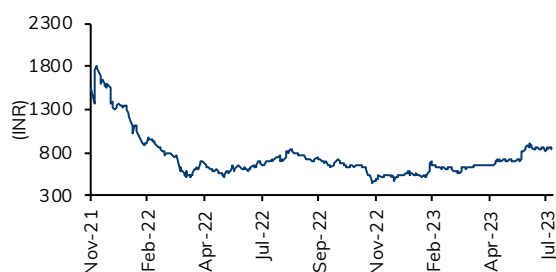
Source: Company data, I-Sec research

Exhibit 7: Shareholding pattern

| % | Dec'22 | Mar'23 | Jun'23 |
|-------------------------|--------|--------|--------|
| Promoters | 0.0 | 0.0 | 0.0 |
| Institutional investors | 74.7 | 74.6 | 75.1 |
| MFs and others | 1.7 | 2.7 | 2.5 |
| FI/Banks | 0.1 | 0.1 | 0.5 |
| FII | 72.9 | 71.8 | 72.1 |
| Others | 25.3 | 25.4 | 24.9 |

Source: Bloomberg, I-Sec research

Exhibit 8: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 9: Profit & Loss

(INR mn, year ending March)

| | FY22A | FY23A | FY24E | FY25E |
|--|-----------------|-----------------|-----------------|-----------------|
| Net Sales | 49,742 | 79,903 | 1,12,631 | 1,36,887 |
| Operating Expenses | 38,383 | 55,315 | 66,554 | 70,063 |
| EBITDA | (23,402) | (16,315) | (5,624) | 3,260 |
| EBITDA Margin (%) | (0.5) | (0.2) | 0.0 | 0.0 |
| Depreciation & Amortization | 2,473 | 4,853 | 6,309 | 7,255 |
| EBIT | (25,875) | (21,168) | (11,933) | (3,995) |
| Interest expenditure | 394 | 233 | 245 | 257 |
| Other Non-operating Income | - | - | - | - |
| Recurring PBT | (23,368) | (17,304) | (7,835) | 923 |
| Profit / (Loss) from Associates | (459) | (125) | (119) | (113) |
| Less: Taxes | 113 | 336 | - | 81 |
| PAT | (23,481) | (17,640) | (7,835) | 842 |
| Less: Minority Interest | - | - | - | - |
| Extraordinaries (Net) | (24) | - | - | - |
| Net Income (Reported) | (23,964) | (17,765) | (7,954) | 729 |
| Net Income (Adjusted) | (23,964) | (17,765) | (7,954) | 729 |

Source Company data, I-Sec research

Exhibit 10: Balance sheet

(INR mn, year ending March)

| | FY22A | FY23A | FY24E | FY25E |
|--|-----------------|-----------------|-----------------|-----------------|
| Total Current Assets | 1,07,450 | 1,28,685 | 1,07,777 | 1,16,625 |
| of which cash & cash eqv. | 52,020 | 70,395 | 46,325 | 51,833 |
| Total Current Liabilities & Provisions | 33,325 | 44,869 | 49,983 | 55,660 |
| Net Current Assets | 74,125 | 83,816 | 57,794 | 60,964 |
| Investments | 12,295 | 26,971 | 18,112 | 19,008 |
| Net Fixed Assets | 8,663 | 11,248 | 16,334 | 19,419 |
| ROU Assets | - | - | - | - |
| Capital Work-in-Progress | - | - | - | - |
| Total Intangible Assets | 443 | 443 | 443 | 443 |
| Other assets | 51,065 | 12,311 | 50,156 | 56,121 |
| Deferred Tax assets | - | - | - | - |
| Total Assets | 1,46,591 | 1,34,789 | 1,42,839 | 1,55,955 |
| Liabilities | | | | |
| Borrowings | - | - | - | - |
| Deferred Tax Liability | - | - | - | - |
| provisions | - | - | - | - |
| other Liabilities | 5,296 | 4,860 | 5,228 | 5,626 |
| Equity Share Capital | 649 | 634 | 640 | 647 |
| Reserves & Surplus | 1,40,867 | 1,29,522 | 1,37,214 | 1,49,924 |
| Total Net Worth | 1,41,516 | 1,30,156 | 1,37,854 | 1,50,570 |
| Minority Interest | (221) | (227) | (243) | (241) |
| Total Liabilities | 1,46,591 | 1,34,789 | 1,42,839 | 1,55,955 |

Source Company data, I-Sec research

Exhibit 11: Key ratios

(Year ending March)

| | FY22A | FY23A | FY24E | FY25E |
|---|------------|------------|------------|------------|
| Growth Ratios (In %) | | | | |
| Total revenue from operations | 77.5 | 60.6 | 41.0 | 21.5 |
| Payment processing charges | 43.7 | 7.4 | 37.5 | 28.6 |
| Marketing and promotional expenses | 60.6 | 25.8 | 23.8 | (13.2) |
| Employee benefits expense | 105.2 | 55.4 | 16.4 | 8.4 |
| Software, cloud and data centre expenses | 42.9 | 38.8 | 12.0 | 10.0 |
| Other expense | 32.0 | 44.2 | 12.0 | 8.0 |
| EBITDA | 32.4 | (30.3) | (65.5) | (158.0) |
| Adjusted EBITDA | (8.3) | (88.4) | (669.9) | 52.4 |
| EBIT | 33.0 | (18.2) | (43.6) | (66.5) |
| PBT | 46.4 | (26.0) | (54.7) | (111.8) |
| PAT | 40.9 | (25.9) | (55.2) | (109.2) |
| Contribution Profit | 313.3 | 160.3 | 56.2 | 20.3 |
| As a % of GMV | | | | |
| GMV (RsBn) | 8,520.0 | 13,300.0 | 19,920.6 | 26,398.0 |
| Payment and financial services | 0.5 | 0.5 | 0.5 | 0.4 |
| (Payment services to consumers) | 0.2 | 0.2 | 0.2 | 0.1 |
| (Payment services to merchants) | 0.2 | 0.2 | 0.2 | 0.2 |
| (Others including financial services revenue) | 0.1 | 0.1 | 0.1 | 0.1 |
| Revenue from operations | 0.6 | 0.6 | 0.6 | 0.5 |
| Margins (in %) | | | | |
| Contribution margin | 30.1 | 48.8 | 54.1 | 53.6 |
| EBITDA margin | (47.0) | (20.4) | (5.0) | 2.4 |
| Adjusted EBITDA margin | (30.5) | (2.2) | 8.9 | 11.1 |
| PAT margin | (48.2) | (22.2) | (7.1) | 0.5 |
| ROE | (23.2) | (13.1) | (5.9) | 0.5 |
| Per Share Ratios | | | | |
| EPS (Basic) | (36.9) | (28.0) | (12.4) | 1.1 |
| EPS (Diluted) | (34.4) | (26.1) | (11.7) | 1.1 |
| BVPS | 203.6 | 191.7 | 203.0 | 221.8 |
| EBITDA per share | (33.7) | (24.0) | (8.3) | 4.8 |
| Op. revenue per share | 71.6 | 117.7 | 165.9 | 201.6 |

Source Company data, I-Sec research

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