

One 97 Communications | BUY

Operating leverage at play - PAT profitability delivered

Paytm reported INR 19.2bn revenue (+4% QoQ) with contribution margin (CM) rising sharply to 60% (+560bps QoQ). As expected, resulting operating leverage ensured that the company delivered first quarter of reported EBITDA (INR 717mn) as well as PAT (INR 1.2bn) profitability. Furthermore, management has guided towards mid-high fifties CM going ahead, higher than earlier guidance of 54-56%. With robust topline growth at these CMs and controlled indirect expenses, we expect a very sharp ramp-up in Paytm's profitability to reach INR 14.5bn in PAT in FY27. We find Paytm attractively positioned considering the robust operating performance along with multiple growth optionalities such as MDR on UPI and return of Paytm wallet. We reiterate BUY with Jun'26 TP of INR 1,320, valuing Paytm at 40x Jun'27 Adj. EBITDA multiple.

- Core Payments business remains strong:** Paytm's Payment services revenue stood at INR 11.1bn, growing 8% QoQ (excluding INR 700mn UPI incentive in 4QFY25). The growth was mainly driven by higher subscription revenue on the back of growth in merchant devices as well as better payment processing margin. Payments GMV improved 6% QoQ (+27% YoY). Merchant device subscriptions grew to an all-time high of 13mn, 5% QoQ growth, reflecting deeper market penetration in Tier 2+ cities driven by technologically superior devices and efficient service network. Management noted that Paytm's proprietary full-stack model, including software, hardware (like Soundbox and EDC machines), and service network, gives it a strong edge against competitors, especially those reliant on outsourced hardware. While MTU base also improved to 74mn in Jun'25 (72mn in Mar'25), it was despite company remaining highly disciplined in marketing investments. We expect the company to focus on customer acquisition via tech-led innovation with marketing investments rising only once Paytm Wallet or MDR on UPI is allowed. Management also noted that there have been market share gains due to early signs of user growth and retention (led by product innovation instead of marketing) which will further drive monetisation by cross-selling.
- Trail revenue in Financial Services drove CM beat:** In 1QFY26, Financial Services revenue increased to INR 5.6bn vs. INR 5.5bn in 4QFY25 (+2.8% QoQ, 100% YoY) mainly due to higher share of merchant loans, higher trail revenue from DLG portfolio and better asset quality. Merchant loans saw robust growth with non-DLG model loans accounting for majority of loans. While the company did see trail revenue on loans issued in the previous quarters, there was minimal DLG expense in the quarter, resulting in sharp spike in CM that is expected to normalise as trail revenue declines. While CM would still stabilise in mid-high fifties, revenue growth would be lower than disbursements growth as we proceed in FY26.
- Management sees initial signs of recovery in Personal Loans:** Personal loans disbursements continue to struggle due to tightening in unsecured lending. However, basis discussions with merchant partners, management noted early signs of recovery in credit cycle though it could take 2-3 quarters to see a proper turnaround. BNPL (Buy Now Pay Later) remains paused due to <INR 50k credit constraints in the lending ecosystem, but the company reiterated its commitment to revive the offering once the credit environment stabilises. This could, in fact, be the exponential growth driver in the future due to strong product-market fit.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	99,800	69,005	86,606	1,07,778	1,33,468
Sales Growth (%)	24.9	-30.9	25.5	24.4	23.8
EBITDA	-9,080	-15,072	5,243	14,199	25,746
EBITDA Margin (%)	-9.1	-21.8	6.1	13.2	19.3
Adjusted Net Profit	-11,522	-14,894	7,806	14,499	22,816
Diluted EPS (INR)	-18.2	-21.9	11.5	21.4	33.6
Diluted EPS Growth (%)	0.0	0.0	0.0	85.7	57.4
ROIC (%)	-61.2	-303.8	0.0	225.7	545.6
ROE (%)	-8.7	-10.5	5.0	8.6	12.1
P/E (x)	-57.9	-47.9	91.4	49.2	31.3
P/B (x)	5.0	4.5	4.2	3.8	3.3
EV/EBITDA (x)	-66.2	-37.0	106.1	38.0	20.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 22/Jul/2025



Sachin Dixit

sachin.dixit@jmfl.com | Tel: (91 22) 66303078

Swapnil Potdukhe

swapnil.potdukhe@jmfl.com | Tel: (91 22) 62241876

Atul Borse

atul.borse@jmfl.com | Tel: (91 22) 66303134

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,320
Upside/(Downside)	25.6%
Previous Price Target	1,230
Change	7.3%

Key Data – PAYTM IN

Current Market Price	INR1,051
Market cap (bn)	INR670.9/US\$7.8
Free Float	100%
Shares in issue (mn)	638.0
Diluted share (mn)	679.0
3-mon avg daily val (mn)	INR5,306.5/US\$61.4
52-week range	1,063/437
Sensex/Nifty	82,187/25,061
INR/US\$	86.4

Price Performance

%	1M	6M	12M
Absolute	20.6	24.9	132.3
Relative*	20.2	16.3	127.3

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

- **Marketing services revenue declines:** Revenue from Marketing services (includes advertising, ticketing, credit card distribution, deals & gift vouchers) stood at INR 2.5bn (-7.7% QoQ, -23.1% YoY). On a like-to-like basis, revenue has declined 12% YoY after adjusting for the sale of the entertainment ticketing business in Q2FY25. GMV for ticketing, deals, and vouchers stood at INR 20.9bn (-6.7% QoQ, -25.9% YoY) with some seasonal softness in travel. Going forward, company expects MTU growth and higher ROI for advertisers through AI to become the key drivers of revenue growth. Management noted that MTUs and revenue would not be directly correlated as advertisement income sees seasonality.
- **Significant expansion in margins that would sustain ahead:** Contribution margin (CM) improved 560bps QoQ (~10ppts YoY) to 60% mainly due to decline in other direct expenses on the back of reduction in collection cost for Personal Loans (PL) and expenses related to entertainment ticketing business (sold to Eternal) and cost optimisation across businesses. Also, as the mix shifted towards non-DLG along with trail revenue from DLG over previous quarters, there was an incremental boost to CM that would normalise over the coming quarter. Along with CM expansion, significant cost control on account of disciplined investments in marketing and productivity improvement due to AI, led to improvement in Adj. EBITDA margin to 5.3% in 1QFY26, 110bps higher QoQ. Furthermore, company reported first ever PAT positive quarter with PAT profit of INR 1.2bn compared to loss of INR 5.5bn last quarter. Management guided for mid-high CMs going ahead, which would result in sharp rise in profits due to robust operating leverage.
- **Our base case scenario still assumes probability of MDR on higher-ticket UPI transactions:** Despite the [tweet from Finance ministry](#) post the media article suggesting UPI on transactions above INR 3,000, we still believe MDR on UPI transactions above a certain threshold is a question of “when” and not “if”. Our conviction comes from 1) rising expenses of sustaining the rapidly growing UPI ecosystem (annual expenses of INR 100bn+) with declining government subsidies, and 2) business case analysis suggesting no need for UPI ecosystem to subsidise large online merchants as well as offline merchants who are anyways taking credit card / debit card payments with significantly higher MDR (c.100-350bps).
- **Key takeaways from management commentary:** 1) Company expects contribution margin to remain in the mid to high fifties, with some quarterly volatility (Q1 CM stood at ~60%). 2) Management reiterated its medium term target of achieving 15-20% EBITDA margin over the next 2–3 years, supported by cost discipline and margin expansion. 3) From 2QFY26 onwards, only reported EBITDA will be shared; no adj. EBITDA/PAT or ESOP exclusions will be reported going forward. 4) D&A is expected to be in the range of INR 5-6bn in FY26, lower than FY25. 5) Lending is structurally moving towards non-DLG models as lenders gain confidence; expected to reduce costs but will also moderate revenue trajectory. 6) Price hikes on POS devices were tested and well-received, indicating strong product differentiation and merchant stickiness. 7) There are currently 1mn+ PoS devices, out of total 13mn devices deployed across merchant base. 8) Company's key focus areas remain merchant payments, where management sees ample growth headroom, followed by scaling BNPL once credit conditions stabilises. Also deepening merchant base into tier 2+ cities and integrating AI across every product to drive efficiency are also key focus areas. 9) Management sees multi-layered GMV growth driven by on-boarding new merchants, deepening monetisation of large existing merchants, and same merchant growth. Importantly, it believes the payments business still has 4–5x growth potential over the medium term. 10) Paytm's EMI product has at least 5 parties including brands, retailers, consumers, banks, and Paytm itself, to bear the subvention cost, unlike others that rely on just one partner. Also, as it has multiple bank partners, it could offer more offers (card offers) for smaller retailers in smaller cities.
- **Reiterate 'BUY', Jun'26 TP rises to INR 1,320:** We cut our revenue estimates by 2-4% over FY26-28E, which is largely superficial, as mix of DLG based loans is expected to be lower going ahead. We increase contribution margin (CM) estimates by 260-390bps over FY26-28E, in-line with management guidance of mid-high 50s margins. We are on the higher side as we also bake-in 30% probability of MDR on higher-ticket UPI transactions. With Paytm still exercising tight control over fixed costs, the resulting operating leverage takes our EBITDA margin higher by 180-380bps over the forecast period. As a result of these changes, our Jun'26 TP rises to INR 1,320 (vs. INR 1,230 earlier), valuing Paytm at 40x Jun'27 Adj. EBITDA. We maintain 'BUY'.

Exhibit 1. 1QFY26 results vs. JMFe and Cons.

Financial Performance (Consol.)	1Q26A	1Q25A	Change (YoY)	4Q25A	Change (QoQ)	Estimate (JMFe)	Variance (vs. JMFe)	Estimate (Bloomberg)	Variance (vs. Cons.)
Total Revenue (INR mn)	19,175	15,010	27.7%	19,115	0.3%	19,109	0.3%	19,681	-2.6%
Payments and Financial services	16,720	11,800	41.7%	16,440	1.7%	16,354	2.2%	16,655	0.4%
Marketing services	2,470	3,210	-23.1%	2,675	-7.7%	2,755	-10.3%	2,950	-16.3%
Contribution profit (INR mn)	11,513	7,554	52.4%	10,715	7.4%	10,584	8.8%	11,347	1.5%
Contribution margin	60.0%	50.3%	972bp	56.1%	398bp	55.4%	465bp	57.7%	239bp
EBITDA (INR mn)	717	-7,922	na	-885	na	-689	na	181	295.6%
EBITDA margin	3.7%	-52.8%	5,652bp	-4.6%	837bp	-3.6%	734bp	0.9%	282bp
Adj. EBITDA (INR mn)	1,020	-5,452	na	803	27.1%	211	383.1%		
Adj. EBITDA margin	5.3%	-36.3%	4,164bp	4.2%	112bp	1.1%	421bp		
PBT (INR mn)	1,267	-8,381	na	-5,420	na	215	490.3%	-1,154	na
PBT margin	6.6%	-55.8%	6,245bp	-28.4%	3,496bp	1.1%	548bp	-5.9%	1,247bp
Reported PAT (INR mn)	1,227	-8,396	na	-5,446	na	189	549.6%	-1,266	na
EPS (INR)	1.81	-12.37	na	-8.02	na	0.28	549.6%	0.30	502.4%

Source: Company, JM Financial, Bloomberg

Exhibit 2. Valuation in comparison of other new age peers

Company in INR Mn	Revenue			Pre Ind AS EBITDA			PAT			CMP (22 Jul, 2025)	Market Cap (INR bn)	EV (INR bn)
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E			
Paytm	86,606	107,778	133,468	7,793	15,699	26,946	7,806	14,499	22,816	1,053	715	560
At CMP	6.5x	5.2x	4.2x	71.8x	35.7x	20.8x	71.7x	38.6x	24.5x			
CarTrade	7,566	8,798	10,163	1,814	2,363	3,064	1,992	2,548	3,144	1,908	98	90
At CMP	11.9x	10.2x	8.9x	49.7x	38.1x	29.4x	45.2x	35.4x	28.7x			
Delhivery	103,560	120,138	138,793	4,460	8,264	12,020	3,147	6,423	9,048	438	351	296
At CMP	2.9x	2.5x	2.1x	66.4x	35.8x	24.6x	94.1x	46.1x	32.7x			
FirstCry	81,696	96,119	112,367	3,378	5,707	8,568	-1,574	1,632	3,756	364	194	188
At CMP	2.3x	2.0x	1.7x	55.6x	32.9x	21.9x	-119.3x	115.0x	50.0x			
Nykaa	101,361	128,396	160,640	5,827	9,669	14,997	2,547	5,415	9,733	220	633	637
At CMP	6.3x	5.0x	4.0x	109.4x	65.9x	42.5x	250.3x	117.7x	65.5x			
PB Fintech	67,022	83,665	102,638	6,369	11,676	17,952	7,010	11,739	17,163	1,828	891	840
At CMP	12.5x	10.0x	8.2x	131.8x	71.9x	46.8x	119.8x	71.5x	48.9x			
Zomato	323,324	424,323	531,321	18,291	42,965	66,932	14,674	36,167	54,931	300	2,754	2,565
At CMP	7.9x	6.0x	4.8x	140.2x	59.7x	38.3x	174.8x	70.9x	46.7x			
Swiggy	231,291	284,931	339,998	-19,931	-1,818	14,170	-31,303	-11,360	5,885	418	952	885
At CMP	3.8x	3.1x	2.6x	-44.4x	-486.9x	62.5x	-28.3x	-77.9x	150.4x			

Source: Company, JM Financial. Note: Valuation as of 22th July 2025.

Exhibit 3. Key Financials

All numbers in INR mn	1QFY25	2QFY25	3QFY25	4QFY25	FY25	1QFY26	Comments
Payment services	9,000	9,820	10,590	10,985	40,395	11,110	• Payments GMV improved to INR 5.4tn (+5.8 QoQ, +26.8% YoY). Revenue from Payments stood at INR 11.1bn (+1.1% QoQ).
Financial services (incl. others)	2,800	3,760	5,020	5,455	17,035	5,610	
Marketing services	3,210	3,020	2,670	2,675	11,575	2,470	
Revenue from operations	15,010	16,600	18,280	19,115	69,005	19,175	• Financial services revenue stood at INR 5.6bn (+2.8% QoQ, 100.4% YoY) continued expansion in merchant loans, trail revenue from Default Loss Guarantee (DLG) portfolio.
Payment processing charges	5,170	5,170	5,704	5,204	21,248	5,810	
Promotional cashback and incentive	440	290	370	412	1,512	372	
Other expenses	1,850	2,220	2,620	2,783	9,464	1,480	• Overall revenue stood at INR 19.2bn (+0.3% QoQ, +27.7% YoY), roughly in-line JMFe however a miss on cons. by ~3%.
Total direct expenses	7,460	7,680	8,694	8,399	32,224	7,662	
Contribution profit	7,550	8,920	9,586	10,715	36,780	11,513	
Contribution margin	50.3%	53.7%	52.4%	56.1%	53.3%	60.0%	• Contribution margin expanded to 60.0% (+398bps QoQ, 972bps YoY), a strong beat of 465bps on JMFe of 55.4%. The expansion is mainly due to lower than expected of reduction in collection cost for PL and sale of ticketing business and cost optimisation. Also, trail revenue from DLG will have no cost in 1Q and loans distributed under DLG model in 1Q has also reduced which further reduces upfront DLG costs.
Marketing expenses	1,770	1,250	1,040	1,014	5,074	626	
Employee expenses (Ex. ESOPs)	7,060	6,130	5,745	5,794	24,731	6,123	
IT expenses	1,820	1,578	1,536	1,459	6,393	1,677	• Adj. EBITDA stood at profit of INR 1,020mn vs. INR 803mn in 4Q25, a strong miss on JMFe of INR 211mn due to higher than expected operating leverage. Consequently, Adj. EBITDA margins stood at 5.3% vs. 4.2% in 4QFY25, 421bps ahead of JMFe of 1.1%.
Other indirect expenses	2,360	1,840	1,670	1,645	7,502	2,067	
Total indirect expenses	13,010	10,798	9,991	9,911	43,699	10,493	
Adj. EBITDA	-5,460	-1,878	-405	803	-6,919	1,020	• MTUs improved to 74mn vs 72mn in 4QFY25 (+2.8% QoQ, -5.1% YoY).
Adj. EBITDA margin	-36.4%	-11.3%	-2.2%	4.2%	-10.0%	5.3%	
ESOP cost	2,470	2,180	1,818	1,689	8,153	303	
EBITDA	-7,930	-4,058	-2,223	-885	-15,072	717	• Overall Adj. PAT (adjusted for exceptionals/one-offs) stood at INR 1.2bn vs. loss of INR 22mn in 4Q.
EBITDA margin	-52.8%	-24.4%	-12.2%	-4.6%	-21.8%	3.7%	
Depreciation	1,784	1,786	1,653	1,503	6,726	1,661	
Other income	1,380	1,745	1,887	2,238	7,248	2,414	
Finance costs	42	34	43	45	164	40	
IPO expenses	-	-	-	-	-	-	
Profit before share of associates, exceptional items and tax	-8,376	-4,133	-2,032	-195	-14,714	1,430	
Share of profit/loss of associates/JV	-13	43	-2	-3	25	4	
Exceptional items	-	13,454	-	-5,221	8,233	-167	
PBT	-8,389	9,364	-2,034	-5,420	-6,456	1,267	
Tax expense	15	89	50	26	180	40	
Reported PAT	-8,404	9,275	-2,084	-5,446	-6,636	1,227	

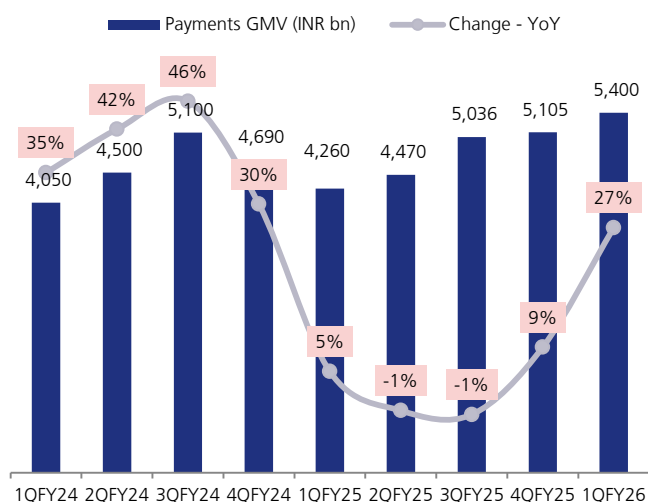
Source: Company, JM Financial

Exhibit 4. Key operating metrics

Particulars	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Payments GMV (INR bn)	4,690	4,260	4,470	5,040	5,105	5,400
Ticketing, deals & gift vouchers GMV (INR bn)	28	28	24	23	22	21
Registered Merchants (mn)	41	41	42	43	44	45
Merchant Subscription, including devices (mn)	11	11	11	12	12	13
Key Financial Services Customers (unique consumers and merchants) (mn)	0.8	0.6	0.6	0.6	0.6	0.6
Merchant Transactions (mn)	9,620	9,000	9,910	11,080	11,840	13,030
Total Transactions (mn)	11,290	10,230	11,090	12,320	13,170	14,640
MTU (avg) (mn)	96	78	71	70	72	74
Personal Loan (INR mn)	34,080	25,000	19,770	17,460	14,224	NA
Merchant Loan (INR mn)	16,710	25,080	33,030	38,310	43,153	NA
Total value of personal and merchant loans distributed	50,790	50,080	52,800	55,770	57,377	NA
Total value of loans distributed	57,990	50,080	52,800	55,770	57,377	NA
Activated credit cards (in mn)	1.2	1.3	1.4	1.4	1.4	NA
Average number of Sales Employees	36,521	31,607	30,104	32,019	36,724	38,945
Cost of sales force (including training) (INR mn)	2,550	2,240	2,280	2,270	2,430	2,660

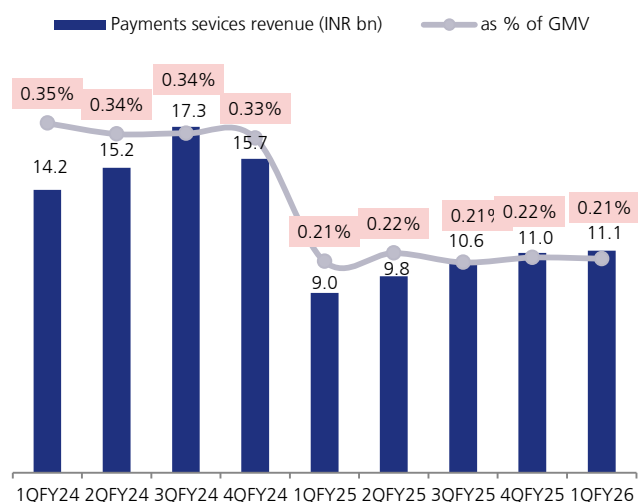
Source: Company, JM Financial. Note: Company has not disclosed metrics related to loan disbursements in 1QFY26.

Exhibit 5. Payments GMV trend



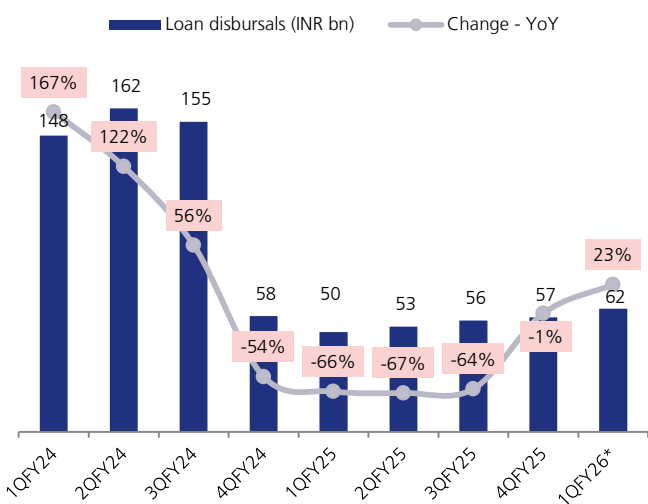
Source: Company, JM Financial

Exhibit 6. Payment services revenue trend



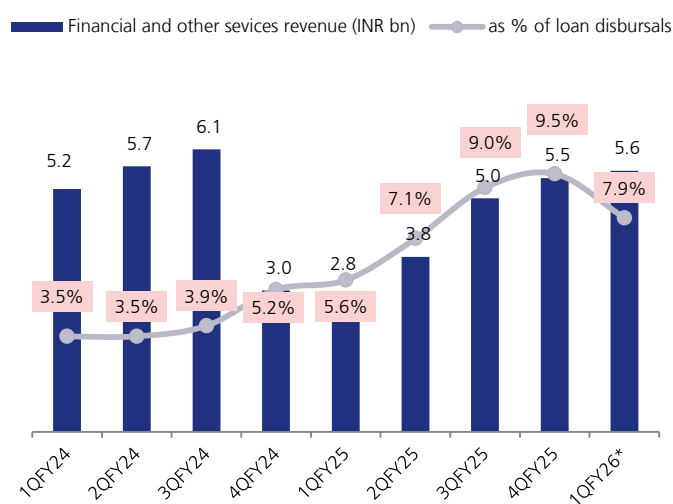
Source: Company, JM Financial

Exhibit 7. Loan disbursements trend



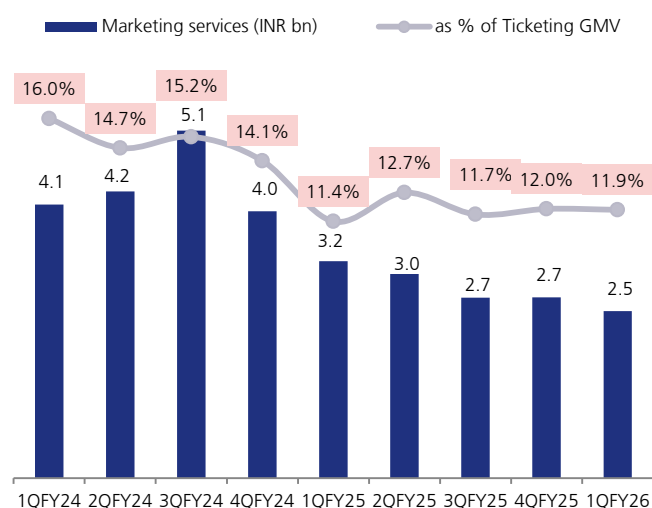
Source: Company, JM Financial. Note: *JMFe for 1QFY26

Exhibit 8. Financial services (incl. others) trend



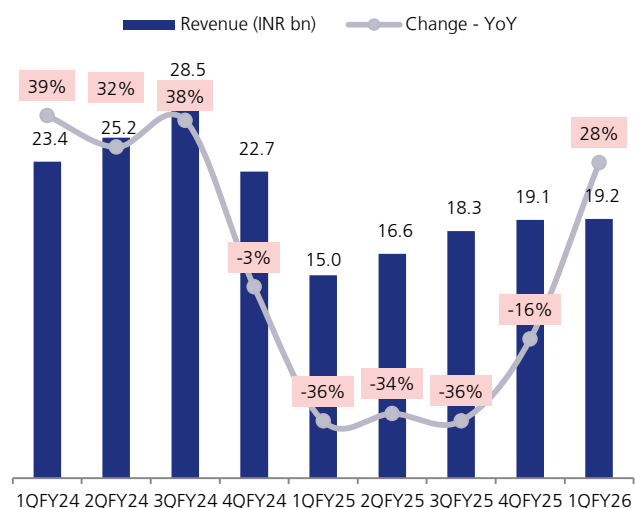
Source: Company, JM Financial. Note: *JMFe for 1QFY26

Exhibit 9. Marketing services revenue trend



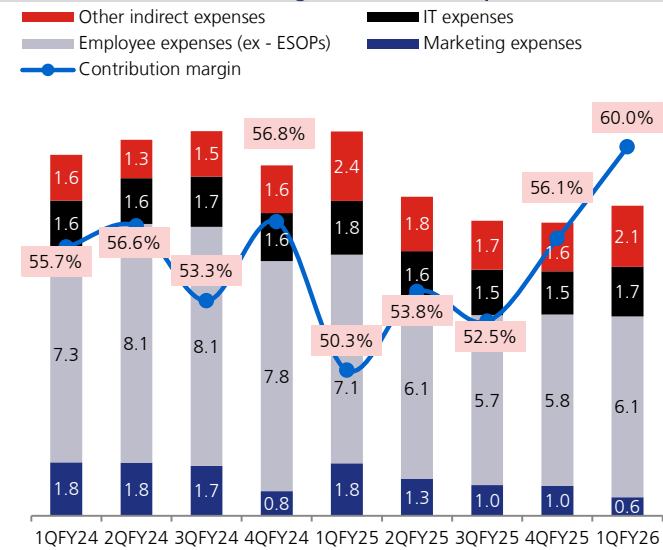
Source: Company, JM Financial

Exhibit 10. Overall revenue trend



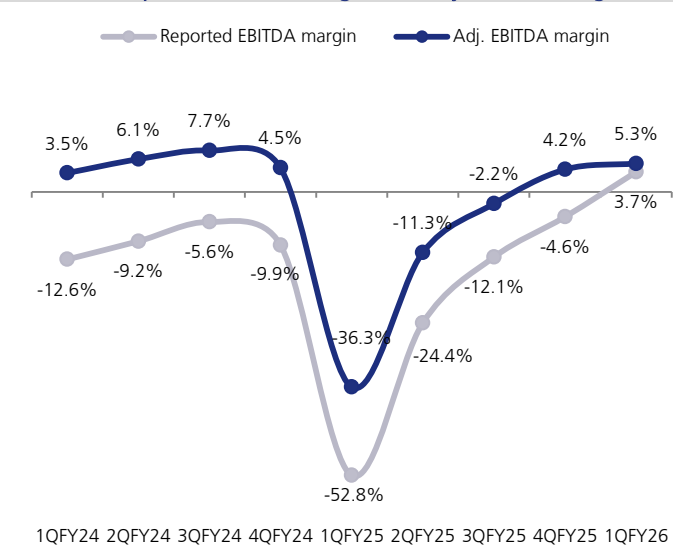
Source: Company, JM Financial

Exhibit 11. Contribution margin and indirect expenses trend



Source: Company, JM Financial

Exhibit 12. Reported EBITDA margin and Adj. EBITDA margin trend



Source: Company, JM Financial

Maintain BUY; TP rises to INR 1,320

Exhibit 13. What has changed in our forecasts and assumptions?

Numbers are in INR mn	Old			New			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Consolidated revenue (INR mn)	88,208	111,748	139,088	86,606	107,778	133,468	-1.8%	-3.6%	-4.0%
Revenue growth rate (YoY)	27.8%	26.7%	24.5%	25.5%	24.4%	23.8%	-232bps	-224bps	-63bps
Contribution Margin	55.4%	56.1%	56.2%	59.2%	58.7%	59.1%	387bps	258bps	286bps
Adj. EBITDA (INR mn)	4,578	14,275	25,487	7,793	15,699	26,946	70.2%	10.0%	5.7%
Adj. EBITDA margin	5.2%	12.8%	18.3%	9.0%	14.6%	20.2%	381bps	179bps	186bps
PBT (INR mn)	4,624	15,170	27,357	8,062	17,081	28,545	74.3%	12.6%	4.3%
PBT margin	5.2%	13.6%	19.7%	9.3%	15.8%	21.4%	407bps	227bps	172bps
Adj. PAT (INR mn)	3,931	12,515	21,885	7,806	14,499	22,816	98.6%	15.8%	4.3%
Diluted EPS (INR)	5.79	18.43	32.23	11.28	21.38	33.63	94.9%	16.0%	4.3%

Source: Company, JM Financial

Key Risks

- **Key upside risks** are: 1) Higher-than-expected growth in financial services, 2) Success in international expansion, 3) Higher-than-expected merchant device penetration and subscription growth, 4) Favourable macro trends and rapid digital adoption especially in lower tier cities.
- **Key downside risks** are: 1) Any further scrutiny considering significant regulatory impact across businesses, 2) Sustained slowdown in credit distribution or higher credit losses on DLG book, and 3) Sudden changes in competitive landscape considering multiple well-funded players in Indian Fintech ecosystem.

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	99,800	69,005	86,606	1,07,778	1,33,468
Sales Growth	24.9%	-30.9%	25.5%	24.4%	23.8%
Other Operating Income	0	0	0	0	0
Total Revenue	99,800	69,005	86,606	1,07,778	1,33,468
Cost of Goods Sold/Op. Exp	44,410	32,224	35,293	44,554	54,645
Personnel Cost	45,920	32,884	28,022	28,883	30,637
Other Expenses	18,550	18,968	18,047	20,142	22,441
EBITDA	-9,080	-15,072	5,243	14,199	25,746
EBITDA Margin	-9.1%	-21.8%	6.1%	13.2%	19.3%
EBITDA Growth	0.0%	0.0%	0.0%	170.8%	81.3%
Depn. & Amort.	7,356	6,726	5,983	6,574	7,476
EBIT	-16,436	-21,798	-740	7,624	18,270
Other Income	5,477	7,248	9,119	9,645	10,493
Finance Cost	242	164	170	209	238
PBT before Excep. & Forex	-11,201	-14,714	8,209	17,061	28,525
Excep. & Forex Inc./Loss(-)	-60	8,233	-167	0	0
PBT	-11,261	-6,481	8,042	17,061	28,525
Taxes	321	180	403	2,562	5,709
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	-2,648	25	20	20	20
Reported Net Profit	-14,230	-6,636	7,659	14,519	22,836
Adjusted Net Profit	-11,522	-14,894	7,806	14,499	22,816
Net Margin	-11.5%	-21.6%	9.0%	13.5%	17.1%
Diluted Share Cap. (mn)	634.7	679.0	679.0	679.0	679.0
Diluted EPS (INR)	-18.2	-21.9	11.5	21.4	33.6
Diluted EPS Growth	0.0%	0.0%	0.0%	85.7%	57.4%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	-13,904	-6,452	8,062	17,081	28,545
Depn. & Amort.	7,357	6,726	5,983	6,574	7,476
Net Interest Exp. / Inc. (-)	-4,375	-5,298	-8,949	-9,437	-10,255
Inc (-) / Dec in WCap.	-149	-1,329	-6,720	2,130	2,481
Others	18,664	4,960	2,550	1,500	1,200
Taxes Paid	-1,085	180	-403	-2,562	-5,709
Operating Cash Flow	6,508	-1,213	523	15,287	23,738
Capex	-8,121	-3,166	-7,317	-7,579	-8,856
Free Cash Flow	-1,613	-4,379	-6,795	7,708	14,883
Inc (-) / Dec in Investments	-18,770	16,347	0	0	0
Others	30,071	-33,610	9,119	9,645	10,493
Investing Cash Flow	3,180	-20,429	1,801	2,066	1,637
Inc / Dec (-) in Capital	13	16	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	0	0	0	0	0
Others	-29	-425	-587	-574	-878
Financing Cash Flow	-16	-409	-587	-574	-878
Inc / Dec (-) in Cash	9,672	-22,051	1,738	16,779	24,498
Opening Cash Balance	33,100	42,820	20,769	22,507	39,286
Closing Cash Balance	42,772	20,769	22,507	39,286	63,783

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	1,33,266	1,50,267	1,60,476	1,76,495	2,00,531
Share Capital	636	638	638	638	638
Reserves & Surplus	1,33,266	1,50,267	1,60,476	1,76,495	2,00,531
Preference Share Capital	0	0	0	0	0
Minority Interest	-282	-296	-296	-296	-296
Total Loans	1,766	1,604	1,885	2,319	2,721
Def. Tax Liab. / Assets (-)	-6,704	-6,237	-6,312	-7,586	-9,061
Total - Equity & Liab.	1,28,046	1,45,338	1,55,753	1,70,932	1,93,896
Net Fixed Assets	12,609	9,052	11,085	12,889	15,311
Gross Fixed Assets	26,388	29,279	36,753	44,555	53,817
Intangible Assets	839	438	438	438	438
Less: Depn. & Amort.	14,718	20,708	26,149	32,147	38,988
Capital WIP	100	43	43	43	43
Investments	71,510	1,36,524	1,36,524	1,36,524	1,36,524
Current Assets	96,105	62,664	69,164	93,154	1,27,152
Inventories	0	0	0	0	0
Sundry Debtors	16,507	12,969	13,169	16,241	19,929
Cash & Bank Balances	42,772	20,769	22,507	39,286	63,783
Loans & Advances	1,731	2,889	2,889	2,889	2,889
Other Current Assets	35,095	26,037	30,600	34,739	40,551
Current Liab. & Prov.	52,178	62,902	61,020	71,635	85,091
Current Liabilities	7,048	7,552	7,453	8,296	9,231
Provisions & Others	45,130	55,350	53,567	63,339	75,860
Net Current Assets	43,927	-238	8,144	21,519	42,061
Total - Assets	1,28,046	1,45,338	1,55,753	1,70,932	1,93,896

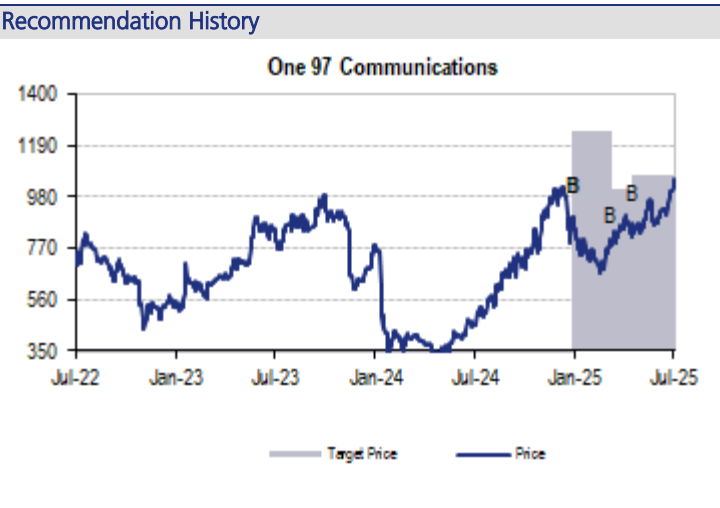
Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	-11.5%	-21.6%	9.0%	13.5%	17.1%
Asset Turnover (x)	0.7	0.5	0.6	0.6	0.7
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0
RoE	-8.7%	-10.5%	5.0%	8.6%	12.1%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	210.0	235.9	251.6	276.7	314.4
ROIC	-61.2%	-303.8%	0.0%	225.7%	545.6%
ROE	-8.7%	-10.5%	5.0%	8.6%	12.1%
Net Debt/Equity (x)	-0.8	-1.0	-1.0	-1.0	-1.0
P/E (x)	-57.9	-47.9	91.4	49.2	31.3
P/B (x)	5.0	4.5	4.2	3.8	3.3
EV/EBITDA (x)	-66.2	-37.0	106.1	38.0	20.0
EV/Sales (x)	6.0	8.1	6.4	5.0	3.9
Debtor days	60	69	56	55	55
Inventory days	0	0	0	0	0
Creditor days	23	32	33	31	30

Source: Company, JM Financial

History of Recommendation and Target Price			
Date	Recommendation	Target Price	% Chg.
17-Jan-25	Buy	1,250	
20-Jan-25	Buy	1,250	0.0
28-Mar-25	Buy	1,010	-19.2
7-May-25	Buy	1,070	5.9



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Chenergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.comCompliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: sahil.salastekar@jmfl.comGrievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 27th Floor, Office No. 2715, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.