

January 20, 2024

RESULT REPORT Q3 FY24 | Sector: Fintech

One 97 Communications

Reset of loan distribution business remains the talking point

Our view - Management sees growth opportunity in larger ticket personal loans

Management flags opportunity size for larger-ticket personal loans based on whitelisted customer base greater than 20mn: Revenue from Financial Services business was up 36% YoY to Rs 6.07bn. The value of loan disbursed amounted to Rs 155.4bn, up 56% YoY but down -4% QoQ. The sequential decline in distribution was driven by re-calibration of Paytm Postpaid loans. The company had also been cutting down on personal loans from the last 4 quarters but, particularly, over the last 2 quarters, personal loans have been flat. The growth in personal loans business will come from large-ticket personal loans. There is a whitelisted customer base of 20mn for large-ticket personal loans.

Management explained that the rise in payments processing charges as a proportion of payments revenue was entirely seasonal: The payment processing charges have risen about 20% on sequential basis due to most of the festival season falling in the third quarter. Last year, the festival season has partially fallen in the second quarter. The festival season typically has customers using credit cards more often, which leads to higher payment processing charges. The payment processing charges should normalize in the fourth quarter.

We maintain a less-than-bullish 'ADD' rating on PAYTM with a revised price target of Rs 900: We value PAYTM at 4.5x FY25 P/S to arrive at our price target of Rs 900.

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

Result Highlights (See "Our View" above for elaboration and insight)

- **Revenue from operations:** Revenue at Rs 28,505mn was up 13.2%/38.2% QoQ/YoY, sequentially driven by Payment Serv. to Merchants and Commerce.
- **Payment processing charges:** Payment proc. charges were up 20%/33% QoQ/YoY and were 58.5% of Payments Serv. Revenue, up/down 405/-549bps QoQ/YoY
- **Contribution profit:** Contribution profit at Rs 15,200mn was up 6.6%/45% QoQ/YoY, translating to a Contr margin of 53.3%, down/up -328/251bps QoQ/YoY
- **Expenses (excl Payment proc. charges):** Total exp. were up 4.9%/22.5% QoQ/YoY. The YoY growth was driven by Employee and Other opex
- **Standard EBITDA (Calc.):** EBITDA loss, at -Rs 1,595mn, lower -31%/-52% QoQ/YoY, translating to an EBITDA margin of -5.6%, improved 358bps QoQ

Exhibit 1: Result table

Particulars, Rs mn	3QFY24	2QFY24	QoQ, %	3QFY23	YoY, %
Revenue from Operations	28,505	25,186	13.2	20,622	38.2
Other Income	1,486	1,439	3.3	780	90.5
Total Revenue	29,991	26,625	12.6	21,402	40.1
Payment processing charges	9,822	8,167	20.3	7,378	33.1
Gross Profit	18,683	17,019	9.8	13,244	41.1
Total Expenses	20,278	19,329	4.9	16,551	22.5
EBITDA (Incl ESOP excl Oth. Inc.)	(1,595)	(2,310)	-31.0	(3,307)	-51.8
Calculated EBITDA Margin	-5.6	-9.2	358bps	-16.0	1044bps
EBIT	(3,604)	(4,111)	-12.3	(4,547)	-20.7
PBT	(2,172)	(2,799)	-22.4	(3,821)	-43.2
Tax	7	127	-94.5	150	-95.3
PAT	(2,179)	(2,926)	-25.5	(3,971)	-45.1
Share of Assoc./JVs	(38)	9	NA	50	NA
Consolidated PAT	(2,217)	(2,917)	-24.0	(3,921)	-43.5

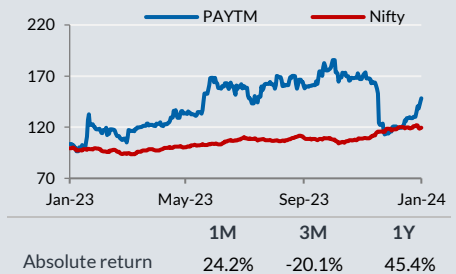
Source: Company, YES Sec-Research

Recommendation	: ADD
Current Price	: Rs 790
Target Price	: Rs 900
Potential Return	: 14%

Stock data (as on January 20, 2024)

Nifty	21,635
52 Week h/l (Rs)	998 / 508
Market cap (Rs/USD mn)	479041 / 5766
Outstanding Shares (mn)	635
6m Avg t/o (Rs mn):	3,569
Div yield (%):	NA
Bloomberg code:	PAYTM IN
NSE code:	PAYTM

Stock performance



Shareholding pattern (As of Sept'23 end)

Promoter	0.0%
FII+DII	65.0%
Others	35.0%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	900	775

Financial Summary

(Rs mn)	FY24E	FY25E	FY26E
Total Revenue	111,639	135,110	159,891
YoY Growth, %	32.9	21.0	18.3
EBITDA Margin, %	(8.0)	1.3	5.8
PAT Ex JV/Assoc. (10,772)	(623)	5,995	
YoY Growth, %	38.9	94.2	1,061.5
Sales Per Share, Rs	169.3	196.7	233.7
EPS, Rs	(17.3)	(1.0)	9.2
BVPS, Rs	188.0	246.3	255.5
P/Sales, x	4.6	3.9	3.3
P/E, x	NA	NA	NA
P/BV, x	4.1	3.1	3.0
ROAE, %	(8.8)	(0.4)	3.7
ROAA, %	(6.3)	(0.3)	2.8

Δ in earnings estimates

Rs.	FY24E	FY25E	FY26E
EPS (New)	(17.3)	(1.0)	9.2
EPS (Old)	(18.2)	(3.4)	6.2
% change	4.9%	72.0%	49.3%

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COMPREHENSIVE CON-CALL TAKEAWAYS

Key revenue items

- Overall revenue was up 38% YoY to Rs 28.51bn for the quarter, driven by Payments services to merchants, Financial Services business and Commerce.
- The revenue growth in the quarter was supported by the festive season.
- The overall revenue does not include the UPI incentive, which comes in the fourth quarter.
- Revenue from Payments services to merchants was up 69% YoY to Rs 10.81bn.
- Revenue from Financial Services business was up 36% YoY to Rs 6.07bn.

Contribution profit and margin

- The overall contribution profit has risen 45% YoY to Rs 15.2bn, translating to a contribution margin of 53%, up by 251bps YoY but down -328bps QoQ.
- The contribution margin was lower sequentially as there was a full festive season where there are a higher cash-backs, tighter payments margins, events business scale up and other factors.
- **Guidance**
 - The company expects the contribution margin to remain in mid 50s going forward.

EBITDA before ESOP cost

- EBITDA before ESOP cost stood Rs 2.19bn, which translated to an adjusted EBITDA margin of 7.7%, up 618bps YoY.

Underlying metrics

- **Monthly transactions users (MTU)**
 - Average MTU was up 18% YoY to 100mn.
- **Merchant subscriptions**
 - Merchant subscriptions have increased 83% YoY to 10.6mn.
- **Merchant subscription revenue**
 - The company makes Rs 100 per month per merchant as subscription revenue

Lending business

- **Loan disbursement value**
 - The value of loan disbursed amounted to Rs 155.4bn, up 56% YoY but down -4% QoQ.
 - The sequential decline in distribution was driven by re-calibration of Paytm Postpaid loans.
- **High ticket loans**
 - The company has done a disbursement of Rs 4.9bn in the high-ticket loan segment (large-ticket personal loans).

(Con call takeaways continue on the next page)

- **Growth Guidance**
 - The company has more than 20 mn whitelisted customers (for large-ticket personal loans) and it expects an acceleration in this segment as it increases its lending partners from 2 currently to at least 5-6 partners by Q1FY25.
- **Postpaid loans**
 - The bounce rates for postpaid business were 9.5% to 10.75%.
 - The ECL rates for postpaid business were in the range of 0.65% to 0.85%.
- **Personal loans**
 - The bounce rates for Personal loans were 10% to 11%.
 - The ECL rates for Personal loans were 4.5% to 5%.
- **Merchant loans**
 - The ECL rates for Merchant loans were 4.75% to 5.25%.

Marketing Services (Commerce and cloud business)

- The Marketing Services (commerce and cloud business) revenue in 3Q stood at Rs. 5.14bn, up by 22% YoY.
- **Commerce GMV**
 - The GMV for ticketing, deals and gift vouchers etc. (Commerce business) grew 48% YoY to Rs 33.9 bn, driven by increase in market share in travel and higher volumes in events business.
- **Credit cards sourcing**
 - The company has partnered with 3 banks for its credit card distribution business (which is housed in the Cloud business).
 - The company has total of 1.01mn active credit cards as of December 2023 as against 0.45mn as of December 2022.

Incremental colour on loan distribution business

- **Paytm Postpaid (BNPL)**
 - The company has tried to eliminate customers who were spending most of their borrowing for a single use case, which is regarded as riskier.
 - There is no change to Paytm Postpaid delinquency outcomes and hence, the same is not the reason why the company has slowed down this business.
 - The slowdown is because, at a macro level, lending partners were seeing more stress in small-ticket unsecured lending.
- **Personal loans**
 - The company had been cutting down on personal loans from the last 4 quarters actually but, particularly over the last 2 quarters, personal loans have been flat.
 - Over the next 2 quarters as well, the pre-existing personal loans business will remain flat.
 - **Large-ticket personal loans**
 - The growth in personal loans business will come from large-ticket personal loans.
 - There is a whitelisted customer base of 20mn for large-ticket personal loans.
 - There are all credit-tested customers, which would have taken a loan at some point.
 - The base approval rate for the whitelisted customer base tends to be 40% whereas for the earlier small-ticket cohort, it was 15-20%.

(Con call takeaways continue on the next page)

- **Merchant loans**
 - Merchant loan eligibility is the highest for device merchants as opposed to paper QR merchants.
 - The company waits for 6 months before it looks at data to mine merchant loan customers.
 - On a steady state basis, about half the device merchants can be converted to loan customers.
- **Partners**
 - The company will not go to other NBFCs which will allow the lending that has been disallowed by the current partners.
 - The company wants to remain aligned with the regulator's thinking.
 - The contracts do not disallow the company from shifting customers from one NBFC to another but they do not intend to do so in the spirit of partnership.

Incremental colour on Payments processing margin

- **Margin level**
 - The payments processing margin has remained in the 7-9 bps range despite no UPI incentive.
- **Credit cards**
 - The app earns about 4-8 bps on credit card payments (presumably on net basis).
- **Payment processing charges**
 - The payment processing charges have risen about 20% on sequential basis due to most of the festival season falling in the third quarter.
 - Last year, the festival season has partially fallen in the second quarter.
 - The festival season typically has customers using credit cards more, which leads to higher payment processing charges.
 - The payment processing charges should normalize in the fourth quarter.

Incremental colour on operating expenses

- **Employee expenses**
 - The company was adding a lot of people in 2Q in preparation for the festive season.
 - The company will be adding machine and systems capability, which will reduce linear employee demand.

Colour on capital markets and insurance businesses

- **Mutual funds**
 - The company has built a great direct mutual fund business (where, by definition, commission cannot be charged).
 - However, the company has acquired an ARN code on which it stands to earn commission.
 - The AUM of the commission-earning business is small but growing fast.
- **Broking**
 - The company offers discount broking services but focuses on product differentiation.
 - Scale of customer acquisition has improved materially over the past 2 quarters.
- **Insurance distribution**
 - Insurance distribution business is performing well and would be a focus area.

Exhibit 2: Quarterly P&L Table

Particulars, Rs mn	3QFY24	2QFY24	QoQ, %	3QFY23	YoY, %
Revenue from Operations	28,505	25,186	13.2	20,622	38.2
Other Income	1,486	1,439	3.3	780	90.5
Total Revenue	29,991	26,625	12.6	21,402	40.1
Less: Expenses					
Payment processing charges	9,822	8,167	20.3	7,378	33.1
Gross Profit*	18,683	17,019	9.8	13,244	41.1
Marketing and promotional expenses	2,752	2,528	8.9	2,263	21.6
Employee Benefit Expense	11,872	11,915	-0.4	9,456	25.5
Software, cloud and data centre expenses	1,704	1,553	9.7	1,709	-0.3
Other Expenses	3,950	3,333	18.5	3,123	26.5
TOTAL EXPENSES (Excl. Payment proc.)	20,278	19,329	4.9	16,551	22.5
EBITDA (Incl ESOP excl Oth. Inc.)**	(1,595)	(2,310)	-31.0	(3,307)	-51.8
Depreciation and Amortization Expense	2,009	1,801	11.5	1,240	62.0
EBIT	(3,604)	(4,111)	-12.3	(4,547)	-20.7
Finance Cost	54	70	-22.9	54	0.0
Exceptional items	0	(57)	NA	0	NA
PBT	(2,172)	(2,799)	-22.4	(3,821)	-43.2
Tax	7	127	-94.5	150	-95.3
PAT	(2,179)	(2,926)	-25.5	(3,971)	-45.1
Share of result of Associates/JVs	(38)	9	NA	50	NA
Consolidated PAT	(2,217)	(2,917)	-24.0	(3,921)	-43.5

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	3QFY24	2QFY24	QoQ, %	3QFY23	YoY, %
Revenue from Operations	28,500	25,190	13.1	20,620	38.2
Payment processing charges	9,820	8,170	20.2	7,380	33.1
As % of GMV (%)	0.19	0.18	1bps	0.21	-2bps
Promotional cashback & incentives	1,060	730	45.2	910	16.5
Other Expenses	2,420	2,030	19.2	1,860	30.1
Total Direct Expenses	13,300	10,930	21.7	10,150	31.0
Contribution Profit	15,200	14,260	6.6	10,480	45.0
Contribution Margin (%)	53.3	56.6	-328bps	50.8	251bps

Source: Company, YES Sec – Research

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

Particulars, Rs mn	3QFY24	2QFY24	QoQ, %	3QFY23	YoY, %
Contribution Profit	15,200	14,260	6.6	10,480	45.0
Marketing	1,690	1,800	(6.1)	1,360	24.3
Employee cost (Excl ESOPs)	8,090	8,070	0.2	5,840	38.5
Software, cloud and data center	1,700	1,550	9.7	1,710	(0.6)
Other indirect expenses	1,530	1,300	17.7	1,260	21.4
EBITDA (Before ESOP expense)*	2,190	1,530	43.1	310	606.5
EBITDA Margin (%)	7.7	6.1	161bps	1.5	618bps

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

Exhibit 5: Segmental Breakup of Revenue from Operations - Quarterly

Particulars, Rs mn	3QFY24	2QFY24	QoQ, %	3QFY23	YoY, %
Payments and financial services	22,860	20,710	10.4	15,990	43.0
Payments Services to Consumers	5,980	5,790	3.3	5,130	16.6
Payments Services to Merchants	10,810	9,210	17.4	6,400	68.9
Financial Services and Others	6,070	5,710	6.3	4,460	36.1
Commerce and cloud services	5,140	4,240	21.2	4,200	22.4
Commerce	2,470	1,630	51.5	1,850	33.5
Cloud	2,670	2,610	2.3	2,350	13.6
Other Operating Revenue	510	240	112.5	440	15.9
Total Revenue from Operations	28,510	25,190	13.2	20,630	38.2

Source: Company, YES Sec – Research

Exhibit 6: Expenses as % of heads - Quarterly

%	3QFY24	2QFY24	QoQ, bps	3QFY23	YoY, bps
Payment processing charges as a % of Payment services revenue	58.5	54.4	405bps	64.0	-549bps
Expense heads as a % of Total Revenue					
Payment processing charges	32.7	30.7	208bps	34.5	-172bps
Marketing and promotional expenses	9.2	9.5	-32bps	10.6	-140bps
Employee Benefit Expense	39.6	44.8	-517bps	44.2	-460bps
Software, cloud and data centre expenses	5.7	5.8	-15bps	8.0	-230bps
Other Expenses	13.2	12.5	65bps	14.6	-142bps
Depreciation and Amortization Expense	6.7	6.8	-7bps	5.8	90bps
Finance Cost	0.2	0.3	-8bps	0.3	-7bps

Source: Company, YES Sec – Research

Exhibit 7: Key Operational Data - Quarterly

Particulars	3QFY24	2QFY24	QoQ, %	3QFY23	YoY, %
Monthly Transacting Users, mn	100.0	95.0	5.3	84.9	17.8
Monthly GMV per user, Rs	17,000	15,789	7.7	13,585	25.1
Devices merchant base, mn	10.6	9.2	15.2	5.8	82.8
Number of Loans Disbursed, mn	11.5	13.2	-12.9	10.5	9.8
Value of Loans Disbursed, Rs bn	155.4	162.1	-4.2	99.6	56.0
Loans Ticket Size, Rs	13,509	12,281	10.0	9,508	42.1

Source: Company, YES Sec – Research

Exhibit 8: Quarterly Actuals Vs Estimates

Q3FY24 (Rs. mn)	Actuals	Estimates	Diff, %
Revenue from Operations	28,505	27,214	4.7
EBITDA (Ex-OI)	(1,595)	(2,254)	29.2
PAT (Ex-As./JV)	(2,179)	(2,800)	22.2

Source: Company, YES Sec – Research

ANNUAL FINANCIALS

Exhibit 9: Income Statement

Rs mn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Revenue-Ops.	32,808	28,024	49,742	79,903	107,338	130,593	155,148	184,405	212,106	244,179	281,344	324,439
Other Income	2,599	3,844	2,901	4,097	4,302	4,517	4,743	4,980	5,229	5,490	5,765	6,053
Total Revenue	35,408	31,868	52,643	84,000	111,639	135,110	159,891	189,385	217,335	249,670	287,109	330,492
Operating Expenses												
Payment Proc.	22,659	19,168	27,538	29,577	36,237	42,765	50,567	59,816	67,794	76,869	87,197	98,954
Marketing exp.	13,971	5,325	8,554	10,764	12,917	14,854	17,082	19,645	21,609	23,770	26,147	28,762
Employee Cost	11,193	11,849	24,319	37,783	45,455	46,189	49,573	55,795	60,565	65,812	71,584	77,933
Software, etc.	3,603	3,498	4,999	6,939	8,327	9,576	11,012	12,664	13,930	15,323	16,856	18,541
Other Expenses	7,727	5,857	7,734	11,155	13,386	15,394	17,703	20,358	22,394	24,634	27,097	29,807
Total Expenses	36,493	26,529	45,606	66,641	80,084	86,013	95,370	108,462	118,499	129,539	141,684	155,043
EBITDA (Ex-OI)	(26,344)	(17,673)	(23,402)	(16,315)	(8,984)	1,815	9,211	16,128	25,813	37,770	52,463	70,442
Depr. and Amort.	1,745	1,785	2,473	4,853	5,824	6,697	7,702	8,857	9,743	10,717	11,789	12,967
EBIT (Ex-OI)	(28,089)	(19,457)	(25,875)	(21,168)	(14,808)	(4,882)	1,510	7,271	16,070	27,053	40,674	57,475
Finance Cost	485	348	394	233	245	257	270	283	297	312	328	344
Exceptional	(3,047)	(282)	(24)	0	0	0	0	0	0	0	0	0
PBT	(29,021)	(16,243)	(23,392)	(17,304)	(10,750)	(622)	5,983	11,967	21,002	32,232	46,111	63,184
Tax	(158)	27	113	336	22	1	(12)	(24)	1,050	4,835	9,222	15,796
PAT (Ex-As./JV)	(28,864)	(16,270)	(23,505)	(17,640)	(10,772)	(623)	5,995	11,991	19,952	27,397	36,889	47,388

Source: Company, YES Sec – Research, Consolidated Financials

Exhibit 10: Cash flow statement

Rs mn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Cash flow from Operations												
PBT & Ext.	(29,582)	(16,983)	(23,851)	(17,429)	(10,966)	(635)	6,102	12,207	21,401	32,780	46,849	64,131
Adjustment For												
Depreciation	1,745	1,785	2,473	4,853	5,824	6,697	7,702	8,857	9,743	10,717	11,789	12,967
Interest expense	(456)	(2,108)	285	(197)	245	257	270	283	297	312	328	344
Other Income	4,724	1,512	(2,518)	(2,778)	(4,302)	(4,517)	(4,743)	(4,980)	(5,229)	(5,490)	(5,765)	(6,053)
Changes in WC	68	(6,902)	12,727	6,489	(1,062)	(1,262)	(1,496)	(1,770)	(2,090)	(2,464)	(2,899)	(3,406)
Direct Taxes Paid	(265)	1,871	(1,479)	(1,762)	(22)	(1)	12	24	(1,050)	(4,835)	(9,222)	(15,796)
Others	0	0	0	14,980	0	0	0	0	0	0	0	0
Net Cash from Op.	(23,766)	(20,825)	(12,363)	4,156	(10,283)	539	7,847	14,621	23,072	31,020	41,079	52,188
Cash flow from Investing												
Purchase of FA	(1,907)	(1,927)	(5,071)	(6,967)	(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)	32,749	(84)	(84)	(84)	(84)	(84)	(84)	(84)	(84)
Others	(3,629)	42,759	46,507	473	(2,063)	(1,698)	(1,775)	(1,856)	(1,939)	(2,026)	(2,116)	(2,210)
Net Cash from Inv.	(19,963)	19,298	(54,886)	26,255	(5,147)	(5,282)	(5,859)	(6,439)	(6,523)	(6,609)	(6,699)	(6,793)
Cash flow from Financing												
Change in borr.	(606)	(735)	(435)	0	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Change in Equity	50,540	107	83,067	(8,577)	0	45,030	0	0	0	0	0	0
Dividend Paid	0	0	0	0	0	0	0	0	0	0	(1,328)	(1,992)
Others	1,665	(1,593)	(2,097)	(2,546)	4,873	5,092	5,322	5,562	5,814	6,079	6,356	6,646
Net Cash from Fin.	51,599	(2,221)	80,535	(11,123)	4,872	50,121	5,321	5,561	5,814	6,078	5,027	4,653
Net Chg in Cash	7,870	(3,748)	13,286	19,288	(10,558)	45,379	7,309	13,743	22,363	30,489	39,407	50,048

Source: Company, YES Sec – Research, Consolidated Financials

Exhibit 11: Ratio analysis

	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Growth Matrix (%)												
Revenue from Ops.	1.5	(14.6)	77.5	60.6	34.3	21.7	18.8	18.9	15.0	15.1	15.2	15.3
Gross Profit	4.1	(12.7)	150.7	126.7	41.3	23.5	19.1	19.1	15.8	15.9	16.0	16.1
Operating Expense	(31.7)	(27.3)	71.9	46.1	20.2	7.4	10.9	13.7	9.3	9.3	9.4	9.4
EBITDA	39.7	32.9	(32.4)	30.3	44.9	120.2	(407.5)	(75.1)	(60.1)	(46.3)	(38.9)	(34.3)
EBIT	37.3	30.7	(33.0)	18.2	30.0	67.0	130.9	(381.7)	(121.0)	(68.3)	(50.3)	(41.3)
PBT	31.7	44.0	(44.0)	26.0	37.9	94.2	1,061.5	(100.0)	(75.5)	(53.5)	(43.1)	(37.0)
PAT	31.9	43.6	(44.5)	25.0	38.9	94.2	1,061.5	(100.0)	(66.4)	(37.3)	(34.6)	(28.5)
Net Worth	41.6	(19.4)	116.6	(8.0)	(8.4)	37.3	3.7	7.2	11.2	13.8	15.8	17.4
Margin (%)												
Gross Profit Margin	30.9	31.6	44.6	63.0	66.2	67.3	67.4	67.6	68.0	68.5	69.0	69.5
EBITDA Margin	(80.3)	(63.1)	(47.0)	(20.4)	(8.4)	1.4	5.9	8.7	12.2	15.5	18.6	21.7
EBIT Margin	(85.6)	(69.4)	(52.0)	(26.5)	(13.8)	(3.7)	1.0	3.9	7.6	11.1	14.5	17.7
PBT Margin	(88.5)	(58.0)	(47.0)	(21.7)	(10.0)	(0.5)	3.9	6.5	9.9	13.2	16.4	19.5
PAT Margin	(88.0)	(58.1)	(47.3)	(22.1)	(10.0)	(0.5)	3.9	6.5	9.4	11.2	13.1	14.6
Return Ratios (%)												
RoE	(36.3)	(26.0)	(16.9)	(13.6)	(9.2)	(0.4)	3.6	6.7	10.1	12.1	14.1	15.5
RoAE	(42.5)	(23.2)	(23.2)	(13.1)	(8.8)	(0.4)	3.7	7.0	10.6	12.9	15.2	16.7
RoCE	(33.8)	(27.5)	(18.3)	(16.3)	(12.4)	(3.0)	0.9	4.0	7.9	11.8	15.3	18.4
RoACE	(37.9)	(25.3)	(24.4)	(15.6)	(11.9)	(3.5)	0.9	4.1	8.4	12.5	16.4	19.9
RoA	(28.6)	(18.6)	(13.3)	(9.9)	(6.5)	(0.3)	2.7	5.1	7.8	9.6	11.4	12.8
RoAA	(30.9)	(17.5)	(17.7)	(9.9)	(6.3)	(0.3)	2.8	5.3	8.1	10.1	12.1	13.6
Per Share (Rs)												
EPS	(48.7)	(28.1)	(36.9)	(28.0)	(17.3)	(1.0)	9.2	18.4	30.6	42.1	56.7	72.8
BVPS	134.1	108.0	218.1	205.3	188.0	246.3	255.5	274.0	304.6	346.7	401.4	471.2
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	126.0	169.3	196.7	233.7	277.7	319.4	367.7	423.7	488.6
EBITDA per share	(43.6)	(29.2)	(36.1)	(25.7)	(14.2)	2.7	13.9	24.3	38.9	56.9	79.0	106.1
FCFF per share	(41.4)	(37.1)	(10.8)	2.7	1.6	10.8	17.8	27.1	39.9	52.5	67.8	84.7
FCFE per share	(43.2)	(38.9)	(12.1)	2.3	1.2	10.4	17.4	26.6	39.5	52.1	67.4	84.3
CFO per share	(39.3)	(34.4)	(19.0)	6.6	(16.2)	0.8	11.8	22.0	34.7	46.7	61.9	78.6
EV per share	771.7	788.3	692.6	662.4	678.3	578.6	566.9	545.5	511.1	464.5	404.4	328.3
Valuation (x)												
P/E	NA	NA	NA	NA	NA	NA	NA	NA	25.2	18.4	13.6	10.6
P/B	5.8	7.2	3.5	3.8	4.1	3.1	3.0	2.8	2.5	2.2	1.9	1.6
P/S	14.2	16.7	10.1	6.1	4.6	3.9	3.3	2.8	2.4	2.1	1.8	1.6
EV/EBITDA	NA	NA	NA	NA	NA	NA	NA	NA	13.1	8.2	5.1	3.1
EV/FCFF	NA	NA	NA	NA	NA	NA	NA	NA	12.8	8.9	6.0	3.9
P/FCFE	NA	NA	NA	NA	NA	NA	NA	NA	19.6	14.8	11.5	9.2
EV/CFO	NA	NA	NA	NA	NA	NA	NA	NA	14.7	9.9	6.5	4.2
Yield (%)												
FCFF Yield	(5.4)	(4.8)	(1.4)	0.3	0.2	1.4	2.3	3.5	5.2	6.8	8.8	11.0
Dividend Yield	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.3	0.4

Source: Company, YES Sec – Research, Consolidated Financials

Exhibit 12: Balance Sheet - Assets

Rs mn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Assets												
Non-Current Assets												
Tangible As.	2,616	2,992	5,616	8,293	6,216	4,028	1,137	(2,063)	(5,882)	(10,384)	(15,636)	(21,714)
Intangible As.	2,868	1,481	3,098	3,394	2,647	1,638	827	(330)	(1,753)	(3,468)	(5,504)	(7,895)
Goodwill	467	467	443	443	443	443	443	443	443	443	443	443
Capital WIP	131	208	102	72	72	72	72	72	72	72	72	72
Investments	5,507	2,658	12,295	15,765	15,380	14,996	14,611	14,227	13,842	13,458	13,073	12,689
Oth. Non-curr.	27,087	9,708	50,912	11,800	11,584	11,367	11,151	10,934	10,718	10,501	10,285	10,068
Total Non-Cur.	38,675	17,515	72,466	39,767	36,342	32,544	28,242	23,284	17,440	10,622	2,732	(6,336)
Current Assets												
Investments	31,895	1,472	0	11,206	11,674	12,142	12,610	13,078	13,546	14,014	14,482	14,950
Trade Rec.	3,010	3,393	7,464	12,528	14,407	16,568	19,054	21,912	25,198	28,978	33,325	38,323
Cash & Equiv.	5,401	28,764	52,020	70,395	59,837	105,216	112,525	126,268	148,631	179,119	218,526	268,574
Other Curr.	24,051	40,370	47,966	45,762	48,042	49,956	51,948	54,020	56,175	58,418	60,750	63,176
Total Current	64,357	73,999	107,450	139,891	133,960	183,882	196,136	215,277	243,551	280,529	327,083	385,024
Total Assets	103,031	91,513	179,916	179,658	170,303	216,427	224,378	238,561	260,990	291,151	329,815	378,687

Source: Company, YES Sec – Research, Consolidated Financials

Exhibit 13: Balance Sheet - Equity and Liabilities

Rs mn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Equity and Liabilities												
Share capital	604	605	649	634	634	664	664	664	664	664	664	664
Other equity	80,448	64,743	140,867	129,522	118,535	162,899	169,013	181,244	201,595	229,540	265,839	312,182
Net Worth	81,053	65,348	141,516	130,156	119,169	163,563	169,677	181,908	202,259	230,204	266,503	312,846
Non-cont. int.	(140)	(186)	(221)	(227)	(227)	(227)	(227)	(227)	(227)	(227)	(227)	(227)
Total Equity	80,912	65,162	141,295	129,929	118,942	163,336	169,450	181,681	202,032	229,977	266,276	312,619
Non-Current Liabilities												
Lease liabilities	1,822	427	1,822	1,876	1,914	1,952	1,991	2,031	2,071	2,113	2,155	2,198
Oth. Non-Curr.	3,637	4,372	3,474	2,984	3,044	3,105	3,167	3,230	3,295	3,360	3,428	3,496
Total Non-Cur.	5,459	4,799	5,296	4,860	4,957	5,056	5,157	5,261	5,366	5,473	5,583	5,694
Current Liabilities												
Borrowings	2,081	5,449	1	20	19	18	17	16	15	15	14	13
Trade payables	6,116	6,052	7,514	8,589	9,406	10,305	11,294	12,382	13,578	14,894	16,342	17,934
Oth. Curr.	8,462	10,051	25,810	36,260	36,978	37,711	38,459	39,221	39,999	40,792	41,601	42,427
Total Cur.	16,660	21,553	33,325	44,869	46,404	48,034	49,770	51,619	53,592	55,701	57,957	60,374
Total Liabilities	103,031	91,513	179,916	179,658	170,303	216,427	224,378	238,561	260,990	291,151	329,815	378,687

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

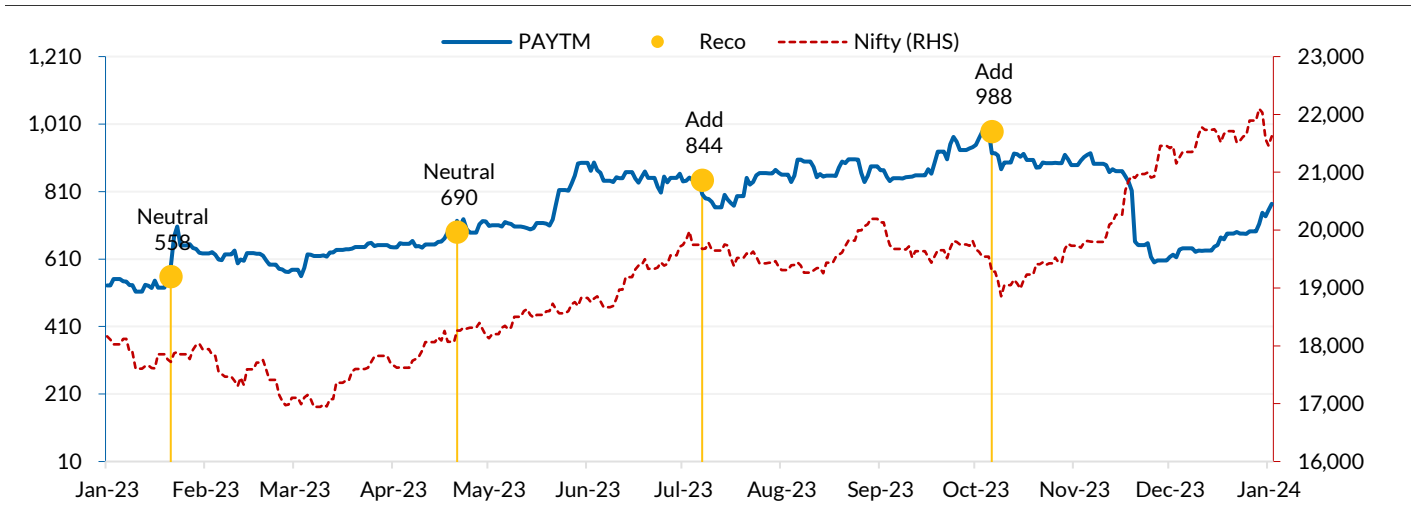
Source: Company, YES Sec – Research

Exhibit 15: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Total Revenue	111,639	135,110	159,891	110,835	133,894	158,311	0.7	0.9	1.0
EBITDA (Ex-OI)	(8,984)	1,815	9,211	(9,536)	216	7,237	5.8	740.4	27.3
PAT (Ex-As./JV)	(10,772)	(623)	5,995	(11,325)	(2,226)	4,016	4.9	72.0	49.3

Source: Company, YES Sec – Research

Recommendation Tracker



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