

# One 97 Communications

## Estimate change

TP change

Rating change



Bloomberg	PAYTM IN
Equity Shares (m)	639
M.Cap.(INRb)/(USD\$)	727.7 / 7.9
52-Week Range (INR)	1382 / 652
1, 6, 12 Rel. Per (%)	-10/5/38
12M Avg Val (INR M)	5643

## Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Revenue from Op	69.0	84.4	94.4
Contribution Profit	36.8	48.8	54.2
Adjusted EBITDA	(6.9)	5.7	6.7
EBITDA	(15.1)	5.0	6.7
PAT	(6.7)	5.6	8.9
EPS (INR)	(23.3)	11.8	13.3
EPS Gr. (%)	NM	NM	13.0

## Ratios

Contribution Margin (%)	53.3	57.8	57.4
EBITDA Margin (%)	(21.9)	6.0	7.1
Adj. EBITDA Margin (%)	(10.0)	6.7	7.1
RoE (%)	(10.5)	5.0	5.7
RoA (%)	(7.7)	3.3	3.5

## Valuations

P/E(X)	NA	95.8	84.8
P/BV (X)	4.8	4.8	4.8
P/Sales (X)	10.5	8.7	8.0

## Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	0.0	0.0	0.0
DII	20.3	20.0	11.9
FII	51.8	51.7	56.2
Others	27.9	28.4	31.9

FII includes depository receipts

**CMP: INR1138**

**TP: INR1,275 (+12%)**

**Neutral**

## In-line performance; contribution margin contracts amid higher direct costs

### PIDF scheme withdrawal to impact profitability

- One 97 Communications (PAYTM) reported in-line operational performance, with net profit of INR2.2b (in line with our estimate of INR2.3b).
- Revenue grew 20% YoY/6% QoQ to INR21.94b (in line), led by healthy payments GMV, an increase in merchant subscriptions, and growth in the distribution of financial services.
- Payment revenue increased 19% YoY and 4% QoQ to INR11.9b, driven by steady GMV growth (up 23% YoY and 9% QoQ). The company also gained mkt share in Consumer UPI to 6.2%, alongside continued device deployments.
- Financial services revenue grew 34% YoY/10% QoQ, aided by momentum in merchant loans along with lending partnerships.
- Net payment margin expanded 3% QoQ (up 25% YoY) to INR6.1b/10bp of GMV vs. 10bp in 2QFY26. Meanwhile, the payment processing margin (PPM) expanded to 4bp and is guided to trend at the same levels over the coming quarters.
- Contribution margin contracted to ~57% (vs est of 59.6%) amid an increase in direct expenses (led by higher promotion and other expenses).
- We cut our contribution margin assumptions by 5% amid a decline in payments revenue due to the discontinuation of the PIDF scheme and an increase in direct expenses. We project PAT at INR8.9b in FY27E and INR17.4b in FY28E. **We value PAYTM at INR1,275, based on 22x FY30E EBITDA discounted to FY27E, translating into 8.0x FY27E sales. We reiterate our Neutral rating on the stock.**

### GMV growth healthy; merchant expansion on track

- PAYTM reported net profit of INR2.25b (in line with our est.), aided by healthy GMV and better subscription + MDR revenue. GMV increased 23% YoY/9% QoQ to INR6.2t.
- Revenue grew 20% YoY/ 6% QoQ to INR21.94b (in line), led by payments and financial services (up 24% YoY/6% QoQ), while financial services revenue grew 34% YoY/ 10% QoQ. Subscription revenue (calc) grew 23% YoY/ 5% QoQ, while MDR revenue (calc) grew 21% YoY/ 5% QoQ.
- Revenue from marketing services grew 4% QoQ to INR2.4b, while MTU rose 1% QoQ.
- PPM stood at 4bp, expanding from 3bp in 2QFY26. PAYTM continues to see an improvement in the PPM amid higher growth of credit cards on UPI and expansion of offerings such as EMI. Net payment margin expanded 25% YoY/3% QoQ to INR6.1b/10bp vs. 10bp in 2Q.
- While the cost was elevated in 3Q, management expects it to remain broadly flat over the next 3 to 4 quarters, due to AI-led efficiency.
- Direct expenses grew 9% YoY/11% QoQ, led by other expenses as well as higher payment processing charges. As a result, contribution profit grew 3% QoQ (while the contribution margin contracted to 56.9% vs MOFSLe of 59.6%).

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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- PAYTM received INR2.16b under the PIDF incentive during 9MFY26. With the scheme largely not extended beyond 31st December 2025, the company expects to offset around INR180m (about 30% of the impact in 4Q). At the current run rate, this translates into roughly INR2b on an annualized basis, which can be further mitigated through higher subscription revenues.

### Highlights from the management commentary

- Approximately 30-40% of the impact from PIDF-related losses is expected to be offset through subscription revenues. In 4Q alone, the company offset ~INR180m, representing ~30-40% of the impact, with merchant monetization expected to improve over time.
- PPM expanded to ~4bp vs ~3bp in earlier quarters. Management indicated comfort in sustaining margins above 4bp, aided by higher contribution from RuPay credit cards on UPI.
- Consumer UPI market share increased to 6.2%. Management views this as a strategic priority and believes PAYTM is well-positioned to address market share concentration issues.
- Device rental economics are driven by: 1) higher merchant engagement enabling better pricing, 2) declining soundbox costs, and 3) lending cross-sell potential impacting payback.

### Valuation and view: Reiterate Neutral with a TP of INR1,275

- PAYTM delivered a decent quarter, broadly in line with our estimates, driven by strong revenue growth and disciplined cost management, translating into healthy PAT growth.
- The company continues to make steady progress toward sustainable profitability, with improving operating leverage, while GMV growth remained healthy and robust.
- Contribution margin stood at 56.9%, and momentum in the financial services segment is expected to stay strong, supported by improving tailwinds in the unsecured segment.
- Recent developments around the PIDF scheme could weigh on the near-term profitability trajectory; the company is estimated to face an annual impact of ~INR2b in FY27E, of which only 30–40% is likely to be absorbed.
- We cut our contribution margin assumptions by 5% amid a decline in payments revenue due to the discontinuation of the PIDF scheme and an increase in direct expenses. We project PAT at INR8.9b in FY27E and INR17.4b in FY28E. **We value PAYTM at INR1,275, based on 22x FY30E EBITDA discounted to FY27E, translating into 8.0x FY27E sales. We reiterate our Neutral rating on the stock.**

### Quarterly Performance

(INR b)

	FY25				FY26E				FY25	FY26E	FY26E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Est
Payment Services to Consumers	0.8	0.9	0.9	1.0	1.0	1.1	1.1	1.1	3.6	4.3	1.5	-25%
Payment Services to Merchants	8.0	8.6	9.1	9.5	9.5	10.4	10.8	10.8	35.2	41.4	10.6	2%
Financial Services and Others	2.8	3.8	5.0	5.5	5.6	6.1	6.7	7.2	17.0	25.7	6.4	5%
<b>Payment and Financial Services</b>	<b>11.6</b>	<b>13.2</b>	<b>15.1</b>	<b>15.9</b>	<b>16.1</b>	<b>17.6</b>	<b>18.6</b>	<b>19.1</b>	<b>55.8</b>	<b>71.3</b>	<b>18.4</b>	<b>1%</b>
% Change (Y-o-Y)	-39.3	-36.2	-34.2	-14.4	37.9	32.9	23.9	19.8	-31.3	27.8	22.5	
<b>Commerce and Cloud Services</b>	<b>3.2</b>	<b>3.0</b>	<b>2.7</b>	<b>2.7</b>	<b>2.5</b>	<b>2.3</b>	<b>2.4</b>	<b>2.6</b>	<b>11.6</b>	<b>9.7</b>	<b>2.4</b>	<b>1%</b>
<b>Revenue from Operations</b>	<b>15.0</b>	<b>16.6</b>	<b>18.3</b>	<b>19.1</b>	<b>19.2</b>	<b>20.6</b>	<b>21.9</b>	<b>22.6</b>	<b>69.0</b>	<b>84.4</b>	<b>21.3</b>	<b>3%</b>
% Change (Y-o-Y)	-35.9	-34.1	-35.9	-15.7	27.7	24.2	20.0	18.3	-30.9	22.3	16.6	
Direct Expenses	7.5	7.7	8.7	8.4	7.7	8.6	9.5	9.9	32.2	35.6	8.6	10%
<b>Contribution Profit</b>	<b>7.5</b>	<b>8.9</b>	<b>9.6</b>	<b>10.7</b>	<b>11.5</b>	<b>12.1</b>	<b>12.5</b>	<b>12.7</b>	<b>36.8</b>	<b>48.8</b>	<b>12.7</b>	<b>-2%</b>
% Change (Y-o-Y)	-42.1	-37.3	-36.9	-16.7	52.5	35.0	30.2	18.2	-33.6	32.7	32.4	
Indirect Expenses	13.0	10.8	10.0	9.9	10.5	10.3	10.9	11.4	43.7	43.1	10.6	3%
<b>Adjusted EBITDA</b>	<b>-5.5</b>	<b>-1.9</b>	<b>-0.4</b>	<b>0.8</b>	<b>1.0</b>	<b>1.8</b>	<b>1.6</b>	<b>1.3</b>	<b>-6.9</b>	<b>5.7</b>	<b>2.0</b>	<b>-24%</b>
<b>EBITDA</b>	<b>-7.9</b>	<b>-4.0</b>	<b>-2.2</b>	<b>-0.9</b>	<b>0.7</b>	<b>1.4</b>	<b>1.6</b>	<b>1.3</b>	<b>-15.1</b>	<b>5.0</b>	<b>1.7</b>	
<b>Adj. PAT</b>	<b>-8.4</b>	<b>-4.2</b>	<b>-2.1</b>	<b>-0.2</b>	<b>1.4</b>	<b>2.1</b>	<b>2.3</b>	<b>1.9</b>	<b>-14.9</b>	<b>7.7</b>	<b>2.4</b>	<b>-5%</b>
% Change (Y-o-Y)	134.7	45.5	-5.5	-96.1	-116.6	-150.7	-208.2	-978.7	25.1	-151.5	-213.4	
<b>PAT</b>	<b>-8.4</b>	<b>9.3</b>	<b>-2.1</b>	<b>-5.4</b>	<b>1.2</b>	<b>0.2</b>	<b>2.3</b>	<b>1.9</b>	<b>-6.7</b>	<b>5.6</b>	<b>2.4</b>	<b>-5%</b>
<b>Profitability</b>												
Contribution Margin (%)	50.3	53.9	52.5	56.1	60.1	58.5	56.9	56.1	53.3	57.8	59.6	
Adjusted EBITDA Margin (%)	-36.4	-11.2	-2.2	4.2	5.3	8.6	7.1	5.7	-10.0	6.7	9.6	
EBITDA Margin (%)	-52.8	-24.3	-12.2	-4.6	3.7	6.9	7.1	5.7	-21.9	6.0	7.8	

E: MOFSL Estimates

### Quarterly Snapshot

	FY25				FY26				Change (%)	
Profit and Loss (INR m)	1Q	2Q	3Q	4Q	1Q	2Q	3Q		YoY	QoQ
<b>Payment and Financial Services</b>	<b>11,640</b>	<b>13,220</b>	<b>15,050</b>	<b>15,910</b>	<b>16,050</b>	<b>17,570</b>	<b>18,640</b>		<b>24</b>	<b>6</b>
<b>Commerce and Cloud Services</b>	<b>3,210</b>	<b>3,020</b>	<b>2,670</b>	<b>2,670</b>	<b>2,470</b>	<b>2,280</b>	<b>2,380</b>		<b>-11</b>	<b>4</b>
<b>Total revenue from Operations</b>	<b>15,010</b>	<b>16,600</b>	<b>18,280</b>	<b>19,115</b>	<b>19,175</b>	<b>20,620</b>	<b>21,940</b>		<b>20</b>	<b>6</b>
Direct Expenses	7,461	7,660	8,690	8,390	7,660	8,550	9,450		9	11
<b>Contribution Profit</b>	<b>7,549</b>	<b>8,940</b>	<b>9,590</b>	<b>10,725</b>	<b>11,515</b>	<b>12,070</b>	<b>12,490</b>		<b>30</b>	<b>3</b>
Indirect Expenses	13,010	10,800	10,000	9,920	10,497	10,300	10,920		9	6
<b>Adjusted EBITDA</b>	<b>-5,461</b>	<b>-1,860</b>	<b>-410</b>	<b>805</b>	<b>1,018</b>	<b>1,770</b>	<b>1,560</b>		<b>NA</b>	<b>-12</b>
ESOP Expense	2,470	2,180	1,820	1,690	300	350	0		-100	-100
<b>EBITDA</b>	<b>-7,931</b>	<b>-4,040</b>	<b>-2,230</b>	<b>-885</b>	<b>718</b>	<b>1,420</b>	<b>1,560</b>		<b>NA</b>	<b>10</b>
Depreciation and Amortization	1,780	1,790	1,650	1,500	1,660	1,370	1,330		-19	-3
Other Income	1,380	1,750	1,890	2,240	2,414	2,220	2,120		12	-5
<b>PBT</b>	<b>-8,381</b>	<b>-4,070</b>	<b>-2,030</b>	<b>-185</b>	<b>1,432</b>	<b>2,210</b>	<b>2,300</b>		<b>NA</b>	<b>4</b>
Tax	20	90	50	30	40	100	50		0	-50
<b>Adj. PAT</b>	<b>-8,401</b>	<b>-4,160</b>	<b>-2,080</b>	<b>-215</b>	<b>1,392</b>	<b>2,110</b>	<b>2,250</b>		<b>NA</b>	<b>7</b>
<b>PAT</b>	<b>-8,401</b>	<b>9,290</b>	<b>-2,080</b>	<b>-5,435</b>	<b>1,225</b>	<b>210</b>	<b>2,250</b>		<b>NA</b>	<b>971</b>
<b>Key Metrics (INR b)</b>										
GMV (INRt)	4.3	4.5	5.0	5.1	5.4	5.7	6.2		23	9
MTU (average over the period) (mn)	78.0	71.0	70.0	72.0	74.0	75.0	76.0		9	1
Registered Merchants (mn)	41.2	42.0	43.0	44.0	45.0	47.0	48.0		12	2
Payment Devices (mn)	10.9	11.2	11.7	12.4	13.0	13.7	14.4		23	5
<b>Ratios (%)</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>		<b>YoY (bp)</b>	<b>QoQ (bp)</b>
Payment processing charges % of GMV (%)	0.12	0.12	0.11	0.10	0.11	0.11	0.11		0	0
Net Payment Margin as % of GMV, bp	8.99	10.40	9.70	11.33	9.81	10.42	9.89		18	-53
Net Payment Margin (%)	43.3	49.2	48.8	55.3	50.8	51.8	51.4		267	-41
Direct Expense % of Revenues	49.7	46.1	47.5	43.9	39.9	41.5	43.1		-447	161
Contribution Margin (%)	50.3	53.9	52.5	56.1	60.1	58.5	56.9		447	-161
Indirect Expense % of Revenues	86.7	65.1	54.7	51.9	54.7	50.0	49.8		-493	-18
Adjusted EBITDA Margin (%)	-36.4	-11.2	-2.2	4.2	5.3	8.6	7.1		NA	-147
EBITDA Margin (%)	-52.8	-24.3	-12.2	-4.6	3.7	6.9	7.1		NA	22
PAT Margin (%)	-56.0	-25.1	-11.4	-1.1	7.3	10.2	10.3		NA	2

E: MOFSL Estimates



## Highlights from the management commentary

### Revenue

- The company has increased its focus on the consumer side of the business. Consumer and UPI traction is improving, with management highlighting this as a strong product that can drive market expansion. While PAYTM already holds leadership in the merchant segment, the consumer business is viewed as the key long-term opportunity.
- Customer acquisition remains a long runway, with monetization expected to play out gradually over the longer term.
- The marketing business has remained flat over the past few quarters. However, EBITDA margin guidance remains intact, supported by operating leverage benefits.
- Growth in the consumer segment is driven primarily by market share gains.
- PPM expanded to ~4bp vs ~3bp in the earlier quarters. Management indicated comfort in sustaining margins above 4bp, aided by higher contribution from RuPay credit cards on UPI.
- In the absence of MDR, PPM is expected to remain stable; any introduction of MDR would provide upside to margins.
- The company continues to perform strongly on the RuPay UPI front, with peer disclosures indicating PAYTM's superior merchant-side positioning.
- Consumer GMV stood at INR5.1t, including both P2P and P2M transactions.
- Consumer UPI market share increased to 6.2%. Management views this as a strategic priority and believes PAYTM is well-positioned to address market share concentration issues.
- Digital gold, a category pioneered by PAYTM, is positioned primarily as an engagement tool rather than a direct revenue generator.
- Credit, wealth, travel, and mobility ('wheels') are the more monetized segments within the consumer business.

### Cost related

- The company is prioritizing organic growth over promotion-led expansion.
- Costs are expected to remain broadly flat over the next 3-4 quarters, reflecting a disciplined cost approach. Sales personnel costs, which had risen sharply earlier, are now being better controlled through AI-led monitoring.
- While investments in sales and marketing will continue, the focus will be on improving productivity and efficiency.
- The sharp decline in opex was largely driven by lower PDD and improved provisioning discipline.

### AI related

- AI-driven models are being deployed to improve payback periods by targeting customers with higher monetization potential, across lending as well as subscription-based revenues.

### Postpaid/ Wallet

- Management plans to reintroduce the wallet business in the near term. Wallet profitability had reached ~INR5b in Jan'24. While the wallet remains an optional offering, it is acknowledged to be less sticky today than in the past.
- Postpaid is aimed at completing the overall product suite.
- BNPL is a foundational initiative and is expected to cross INR1b in business volume within six months of launch.
- The company intends to scale BNPL into a more meaningful business over time.

### Merchant business

- Significant upside remains in the merchant segment. Online merchant business delivers superior margins with higher monetization potential.
- The device-led offline merchant business continues to perform strongly, with PAYTM maintaining leadership vs peers.
- Revenue is not recognized for merchants inactive for more than 30 days, in line with the company's policy.
- Subscription merchants at ~14.4m serve as a proxy for the merchant funnel and form the base for evaluating business performance. QR and soundbox merchants account for the majority of offline GMV.
- Device rental economics are driven by: 1) higher merchant engagement enabling better pricing, 2) declining soundbox costs, and 3) lending cross-sell potential impacting payback.
- Subscription revenue stood at ~INR600m; management indicated no major concerns around merchant subscriptions.

### Lending business

- Non-DLG lending has continued to scale, with growth trends sustained over the past three quarters.
- Consumer lending remains challenging, though stronger collection efforts are supporting improved growth.
- Merchant lending continues to grow steadily, with good asset quality and strong partner satisfaction.

### Paytm Money

- Paytm Money is a key focus area, with management aiming to position it among the top five players over the next few years.
- The business currently operates at low- to mid-single-digit scale; more detailed disclosures are expected as it approaches double-digit contribution.
- Market share gains have been driven by MTF offerings, alongside improved monetization.

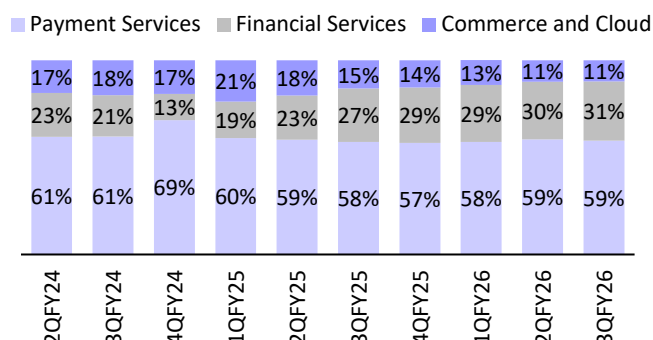
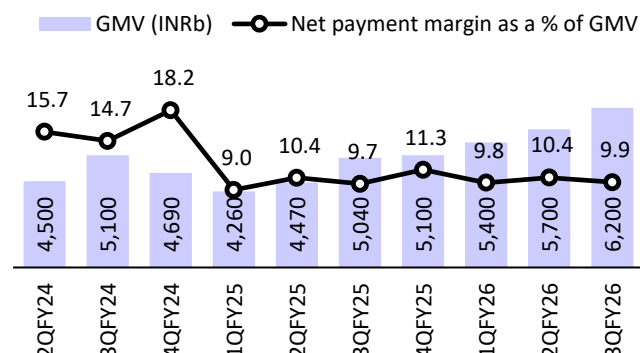
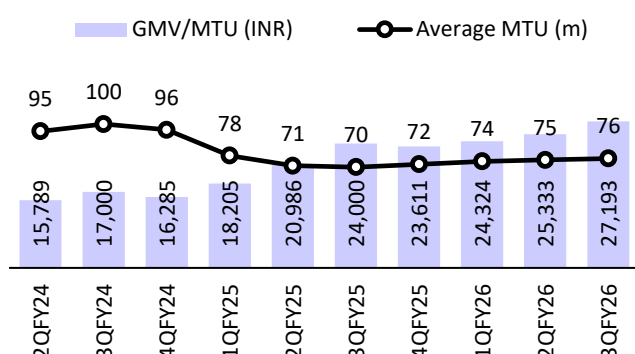
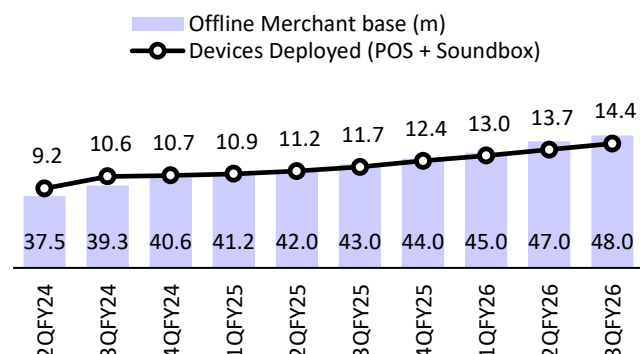
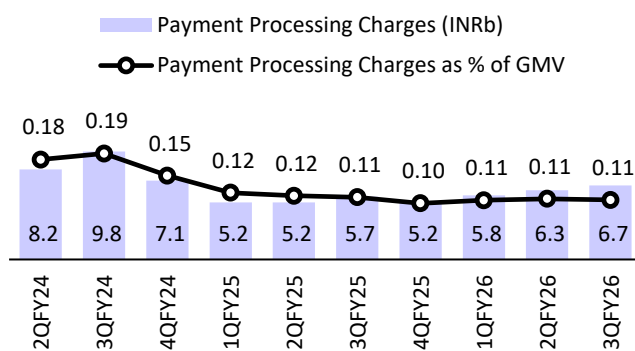
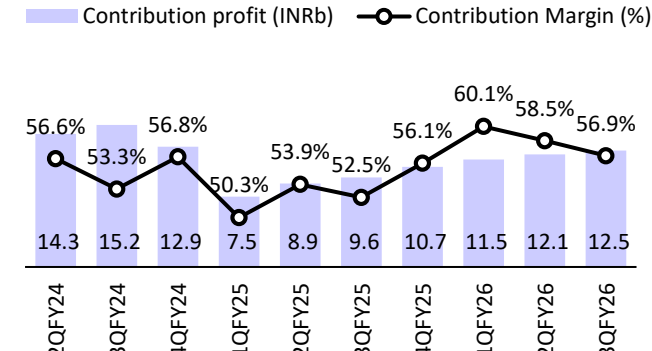
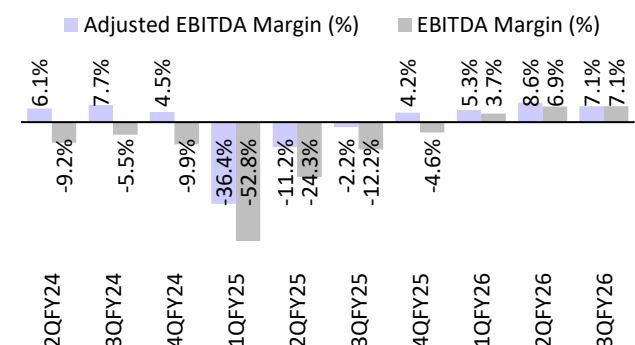
### International geographies

- Foundational work through acquisitions and partnerships has been completed, with further announcements expected in the coming months.

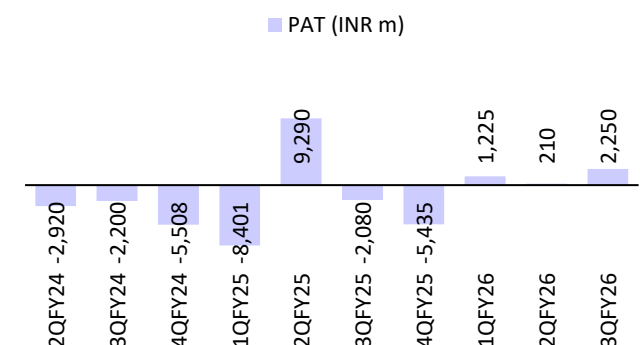
### PIDF scheme

- Expansion of payments infrastructure was challenging, leading to the introduction of the PIDF scheme to support POS and card device deployment.
- While PIDF is a positive development, management emphasized that the business is not dependent on grants. In the absence of PIDF, revenues are generated either through merchant fees or subscriptions.
- Approximately 30-40% of the impact from PIDF-related losses is expected to be offset through subscription revenues.
- Contribution margins are expected to be partially offset, though the exact extent remains unclear.
- In 4Q alone, the company offset ~INR180m, representing ~30-40% of the impact, with merchant monetization expected to improve over time.
- PIDF is effectively a capex subsidy, with certain elements already being funded by the company earlier.

## Story in charts

**Exhibit 1: Trend in segmental mix (%)**

**Exhibit 2: GMV improved 23%YoY/9% QoQ to INR6.2t**

**Exhibit 3: Average MTU improved to 76m in 3QFY26**

**Exhibit 4: Merchant base grew to 48m in 3QFY26**

**Exhibit 5: Payment processing charges as a % of GMV stood at 11bp**

**Exhibit 6: Contribution margin stood healthy at 56.9% (58.5% as of 2QFY26)**

**Exhibit 7: Adj EBITDA & EBITDA margin expanded in 3QFY26**


Source: MOFSL, Company

**Exhibit 8: PAT was INR2.25b**


Source: MOFSL, Company



### Valuation and view: Reiterate Neutral with a TP of INR1,275

- PAYTM delivered a decent quarter, broadly in line with our estimates, driven by strong revenue growth and disciplined cost management, translating into healthy PAT growth.
- The company continues to make steady progress toward sustainable profitability, with improving operating leverage, while GMV growth remained healthy and robust.
- Contribution margin stood at 56.9%, and momentum in the financial services segment is expected to remain strong, supported by improving tailwinds in the unsecured segment.
- Recent developments around the PIDF scheme could weigh on the near-term profitability trajectory; the company is estimated to face an annual impact of ~INR2b in FY27, of which only 30–40% is likely to be absorbed.
- We cut our contribution margin assumptions by 5% amid a decline in payments revenue due to the discontinuation of the PIDF scheme and an increase in direct expenses. We project PAT at INR8.9b in FY27E and INR17.4b in FY28E. **We value PAYTM at INR1,275, based on 22x FY30E EBITDA discounted to FY27E, translating into 8.0x FY27E sales. We reiterate our Neutral rating on the stock.**

**Exhibit 9: We cut our contribution margin estimates for PAYTM and estimate INR17.4b PAT for FY28E**

INR b	Old Estimates			New Estimates			Change (%/bps)		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
Payment and Financial Services	71.4	82.9	101.5	71.3	79.0	99.7	-0.2	-4.7	-1.8
Commerce and Cloud Services	9.5	12.4	15.4	9.7	11.5	13.6	2.4	-7.0	-12.2
<b>Revenue from Operations</b>	<b>83.5</b>	<b>98.2</b>	<b>120.4</b>	<b>84.4</b>	<b>94.4</b>	<b>117.7</b>	<b>1.1</b>	<b>-3.9</b>	<b>-2.2</b>
Direct Expenses	33.7	36.5	43.2	35.6	40.2	48.2	5.7	10.1	11.6
<b>Contribution Profit</b>	<b>49.8</b>	<b>61.7</b>	<b>77.1</b>	<b>48.8</b>	<b>54.2</b>	<b>69.5</b>	<b>-2.1</b>	<b>-12.2</b>	<b>-9.9</b>
Indirect Expenses	42.8	49.1	56.0	43.1	47.5	52.4	0.6	-3.4	-6.5
<b>Adjusted EBITDA</b>	<b>7.0</b>	<b>12.6</b>	<b>21.1</b>	<b>5.7</b>	<b>6.7</b>	<b>17.1</b>	<b>-18.8</b>	<b>-46.6</b>	<b>-18.9</b>
<b>EBITDA</b>	<b>5.5</b>	<b>11.1</b>	<b>19.7</b>	<b>5.0</b>	<b>6.7</b>	<b>17.1</b>	<b>-8.2</b>	<b>-39.5</b>	<b>-13.2</b>
<b>PAT</b>	<b>6.7</b>	<b>13.0</b>	<b>20.1</b>	<b>5.6</b>	<b>8.9</b>	<b>17.4</b>	<b>-16.7</b>	<b>-31.5</b>	<b>-13.8</b>
GMV (INRt)	23.1	28.2	34.4	23.6	29.1	35.5	2.5	3.1	3.1
Disbursements	295	399	534	295	413	557	0.0	3.6	4.3
Contribution Margin (%)	59.7	62.9	64.1	57.8	57.4	59.0	-186	-542	-505
Adjusted EBITDA Margin (%)	8.4	12.9	17.5	6.7	7.1	14.6	-164	-570	-299
EBITDA Margin (%)	6.6	11.3	16.4	6.0	7.1	14.6	-60	-420	-184
PAT Margin (%)	10.5	13.2	16.7	9.1	9.4	14.7	-144	-380	-198

Source: MOFSL, Company

## Financials and valuations

Income Statement						(INRb)
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Payment Services to Consumers	21.1	21.7	3.6	4.3	5.2	6.7
Payment Services to Merchants	27.4	39.6	35.2	41.4	43.3	51.7
Financial Services and Others	15.4	20.0	17.0	25.7	30.5	41.2
<b>Payment and Financial Services</b>	<b>63.8</b>	<b>81.3</b>	<b>55.8</b>	<b>71.3</b>	<b>79.0</b>	<b>99.7</b>
Growth (%)	65.5	27.4	-31.3	27.8	10.8	26.1
Commerce	6.2	7.0	0.0	0.0	0.0	0.0
Cloud	9.0	10.3	0.0	0.0	0.0	0.0
<b>Commerce and Cloud Services</b>	<b>15.2</b>	<b>17.4</b>	<b>11.6</b>	<b>9.7</b>	<b>11.5</b>	<b>13.6</b>
Growth (%)	37.6	14.4	-33.4	-16.0	18.0	18.0
Other Operating Revenue	0.9	1.1	1.6	3.3	3.8	4.5
<b>Revenue from Operations</b>	<b>79.9</b>	<b>99.8</b>	<b>69.0</b>	<b>84.4</b>	<b>94.4</b>	<b>117.7</b>
Growth (%)	60.6	24.9	-30.9	22.3	11.9	24.7
Payment processing charges	29.6	32.8	21.2	25.8	29.1	35.5
Promotional cashback & incentives	5.0	3.1	1.5	2.4	2.7	3.2
Other Expenses	6.3	8.5	9.5	7.5	8.4	9.6
<b>Direct Expenses</b>	<b>40.9</b>	<b>44.4</b>	<b>32.2</b>	<b>35.6</b>	<b>40.2</b>	<b>48.2</b>
Growth (%)	17.7	8.6	-27.4	10.5	12.9	20.0
<b>Contribution Profit</b>	<b>39.0</b>	<b>55.4</b>	<b>36.8</b>	<b>48.8</b>	<b>54.2</b>	<b>69.5</b>
Growth (%)	160.4	42.0	-33.6	32.7	11.1	28.2
Marketing	5.7	6.1	5.1	3.0	3.8	4.8
Employee cost (Excl ESOPs)	23.2	31.2	24.7	27.1	29.2	31.6
Software, cloud and data center	6.9	6.4	6.4	6.3	7.0	7.7
Other indirect expenses	4.9	6.0	7.5	6.7	7.5	8.3
<b>Indirect Expenses</b>	<b>40.8</b>	<b>49.8</b>	<b>43.7</b>	<b>43.1</b>	<b>47.5</b>	<b>52.4</b>
Growth (%)	35.2	22.1	-12.2	-1.4	10.1	10.3
<b>Adjusted EBITDA</b>	<b>-1.8</b>	<b>5.6</b>	<b>-6.9</b>	<b>5.7</b>	<b>6.7</b>	<b>17.1</b>
Growth (%)	-88.4	-418.2	-224.0	-181.8	18.9	154.0
ESOP Expense	14.6	14.7	8.2	0.7	0.0	0.0
<b>EBITDA</b>	<b>-16.3</b>	<b>-9.1</b>	<b>-15.1</b>	<b>5.0</b>	<b>6.7</b>	<b>17.1</b>
Growth (%)	-29.9	-44.4	66.4	-133.3	34.3	154.0
Finance Costs	0.2	0.2	0.2	0.2	0.2	0.3
Depreciation and Amortization Expenses	4.9	7.4	6.7	5.8	5.8	6.1
Other Income	4.1	5.5	7.2	8.8	9.2	9.7
<b>PBT</b>	<b>-17.3</b>	<b>-11.2</b>	<b>-14.7</b>	<b>7.9</b>	<b>9.9</b>	<b>20.4</b>
Share of (profit)/loss of associates/JV	0.1	0.4	0.0	0.0	0.0	0.0
Tax	0.3	0.3	0.2	0.3	1.0	3.1
<b>Adjusted PAT</b>	<b>-17.8</b>	<b>-11.9</b>	<b>-14.9</b>	<b>7.7</b>	<b>8.9</b>	<b>17.4</b>
Growth (%)	-25.8	-33.0	25.1	-151.5	16.3	94.7
Exceptional items	0.0	-2.3	8.2	-2.1	0.0	0.0
<b>PAT</b>	<b>-17.8</b>	<b>-14.2</b>	<b>-6.7</b>	<b>5.6</b>	<b>8.9</b>	<b>17.4</b>
Growth (%)	-25.9	-19.9	-53.2	-184.1	59.3	94.7

### Balance Sheet

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	0.6	0.6	0.6	0.7	0.7	0.7
Reserves & Surplus	129.5	132.6	149.6	153.5	157.9	166.6
Non Controlling Interest	-0.2	-0.3	-0.3	-0.3	-0.4	-0.4
<b>Net Worth</b>	<b>129.9</b>	<b>133.0</b>	<b>150.0</b>	<b>153.8</b>	<b>158.2</b>	<b>166.9</b>
Non-Current Liabilities	6.4	5.9	4.8	0.4	0.4	0.4
Current Liabilities	43.3	32.5	62.9	94.1	105.0	113.5
<b>Total Liabilities</b>	<b>179.7</b>	<b>171.4</b>	<b>217.7</b>	<b>248.3</b>	<b>263.7</b>	<b>280.9</b>
Fixed Assets	12.2	12.6	9.1	9.5	10.0	10.5
Investments	13.2	22.6	25.4	28.4	31.2	34.4
Other Non-Current Assets	8.7	11.6	9.4	10.5	11.8	13.3
<b>Non-Current Assets</b>	<b>36.6</b>	<b>47.2</b>	<b>44.3</b>	<b>48.4</b>	<b>53.0</b>	<b>58.1</b>
Investments	11.2	23.3	15.9	15.9	15.9	15.9
Cash and Bank Balances	103.8	73.0	136.1	162.3	168.7	175.4
Other Current Assets	28.0	27.9	18.2	21.7	26.0	31.4
<b>Current Assets</b>	<b>143.0</b>	<b>124.2</b>	<b>170.2</b>	<b>199.9</b>	<b>210.7</b>	<b>222.7</b>
<b>Total Assets</b>	<b>179.7</b>	<b>171.4</b>	<b>214.5</b>	<b>248.3</b>	<b>263.7</b>	<b>280.9</b>



## Financials and valuations

### Key Operating Metrics

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
GMV (INRt)	13.2	18.3	18.9	23.6	29.1	35.5
Disbursements (INR b)	353.8	523.7	216.0	294.9	412.8	557.3
Net Payment Margins (INRm)	18.9	28.5	-16.0	10.4	11.4	13.3
<b>Revenue from Operations Mix (%)</b>						
Payment Services to Consumers	27%	23%	8%	9%	10%	10%
Payment Services to Merchants	34%	40%	51%	49%	46%	44%
Financial Services and Others	19%	20%	25%	30%	32%	35%
<b>Payment and Financial Services</b>	<b>81%</b>	<b>83%</b>	<b>83%</b>	<b>88%</b>	<b>88%</b>	<b>88%</b>
Commerce	8%	7%	0%	0%	0%	0%
Cloud	11%	10%	0%	0%	0%	0%
<b>Commerce and Cloud Services</b>	<b>19%</b>	<b>17%</b>	<b>0%</b>	<b>12%</b>	<b>12%</b>	<b>12%</b>

E: MOSL Estimates

### Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Payment Services to Consumers % of GMV	0.16	0.12	0.02	0.02	0.02	0.02
Payment Services to Merchants % of GMV	0.21	0.22	0.19	0.18	0.15	0.15
Take rates - Financial Services (%)	0.004	0.004	0.008	0.009	0.007	0.007
Payment processing charges % of GMV	0.22	0.18	0.11	0.11	0.10	0.10
Net Payment Margin (%)	0.14	0.16	-0.08	0.04	0.04	0.04
Direct Expense % of Revenues	51.2	44.5	46.7	42.2	42.6	41.0
Contribution Margin (%)	48.8	55.5	53.3	57.8	57.4	59.0
Indirect Expense % of Revenues	51.0	49.9	63.3	51.1	50.3	44.5
EBITDA Margin (%)	-20.4	-9.1	-21.9	6.0	7.1	14.6
Adjusted EBITDA Margin (%)	-2.2	5.6	-10.0	6.7	7.1	14.6
PAT Margin (%)	-22.2	-11.9	-21.6	9.1	9.4	14.7

### Valuation

RoE	-13.1	-9.0	-10.5	5.0	5.7	10.7
RoA	-9.9	-6.8	-7.7	3.3	3.5	6.4
Sales per share (INR)	126	157	108	130	141	173
Growth (%)	64.4	24.5	-31.1	20.0	8.7	22.9
<b>Price-Sales (x)</b>	<b>9.0</b>	<b>7.2</b>	<b>10.5</b>	<b>8.7</b>	<b>8.0</b>	<b>6.5</b>
Book Value per share (INR)	205	209	235	237	237	246
Growth (%)	-5.9	2.0	12.4	0.7	0.0	3.9
<b>Price-BV (x)</b>	<b>5.5</b>	<b>5.4</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>	<b>4.6</b>
EBITDA per share (INR)	-26	-14	-24	8	10	25
<b>Price-EBITDA (x)</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>146.3</b>	<b>112.1</b>	<b>44.8</b>
EPS (INR)	-28.0	-18.7	-23.3	11.8	13.3	25.6
Growth (%)	-24.0	-33.2	24.7	-150.6	13.0	91.8
<b>Price-Earnings (x)</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>95.8</b>	<b>84.8</b>	<b>44.2</b>

E: MOFSL Estimates

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