MOTILAL OSWAL
FINANCIAL SERVICES

22 October 2024
2QFY25 Results Update | Sector: Financials

One 97 Communications

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	PAYTM IN
Equity Shares (m)	637
M.Cap.(INRb)/(USDb)	437.1 / 5.2
52-Week Range (INR)	992 / 310
1, 6, 12 Rel. Per (%)	8/72/-56
12M Avg Val (INR M)	4503

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Revenue from Op	99.8	72.7	90.6
Contribution Profit	55.4	40.2	51.6
Adjusted EBITDA	5.6	(6.4)	(0.9)
EBITDA	(9.1)	(15.9)	(6.6)
PAT	(14.2)	(16.9)	(7.0)
EPS (INR)	(22.4)	(26.2)	(10.5)
EPS Gr. (%)	(20.2)	NM	NM
Ratios			
Contribution Margin (%)	55.5	55.3	57.0
EBITDA Margin (%)	(9.1)	(21.8)	(7.3)
Adj. EBITDA Margin (%)	5.6	(8.8)	(1.0)
RoE (%)	(10.8)	(13.2)	(5.7)
Valuations			
P/E(X)	NA	NA	NA
P/BV (X)	3.3	3.6	3.7
P/Sales (X)	4.4	6.1	5.0

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	0.0	0.0	0.0
DII	8.5	44.9	43.6
FII	55.5	20.5	21.4
Others	36.0	34.6	35.0

FII Includes depository receipts

CMP: INR686 TP: INR700 (+2%) NEUTRAL

Revenue, GMV in line; contribution margin expands

DLG arrangement to aid disbursement volumes

- One 97 Comm. (PAYTM) reported a PAT of INR9.3b, aided by the sale of its entertainment ticketing business, which resulted in net gains of INR13.5b. Adjusting for the same, the net loss stood at INR4.2b, better than MOFSL expectation of INR6.6b loss.
- Revenue stood at INR16.6b (largely in line), and GMV too stood largely in line at INR4.5t (inline, 6% QoQ). Subscription revenues grew 22% YoY/3% QoQ, while disbursements saw an uptick of 5% QoQ (down 67% YoY).
- Net payment margin improved 21% QoQ to INR4.65b (10bp of GMV vs. 9bp in 1Q), which resulted in an improved contribution margin of 53.9%.
- We largely maintain our contribution profit estimates. We estimate PAYTM to turn EBITDA positive by FY27. Also, PayTM has received much awaited approval from NPCI of onboarding of new UPI customers; we will further review our estimates and rating after getting more clarity on recovery in business volumes and growth in MTUs, post this key regulatory approval. We **retain our NEUTRAL rating with a TP of INR700**.

Adjusted EBITDA to breakeven by 4QFY25E; merchant expansion steady

- PAYTM reported an adjusted net loss of INR4.2b (vs. MOFSLe loss of INR6.6b). GMV broadly stood in line at INR4.5t, while disbursements rose to INR52.8b from the lows of 1Q. Led by the announcement of the new DLG arrangements, disbursements are likely to witness a healthy increase over the next few years.
- During 1HFY25 PAYTM reported a net loss of INR12.5b; we expect the loss to improve 43% YoY and reduce to INR4.4b in 2HFY25.
- Total revenue increased 11% QoQ (down 34% YoY) to INR16.6b (in line) as the company sees a recovery in both payments and financial services.
- Revenue from payment and financial services increased 14% QoQ (-36% YoY) to INR13.22b, while revenue from financial services rose 34% QoQ (-34% YoY) as the loan disbursements saw a slight uptick (down 67% YoY/ up 5% QoQ).
- Revenue from marketing services (erstwhile commerce and cloud services) declined 29% QoQ to INR3.02b, while no. of active cards increased to 1.38m.
- PAYTM expects the payment processing margin to settle at 5-6bp vs. the historical run-rate of 7-9bp, as the company discontinued select profitable products. Net payment margin improved 21% QoQ to INR4.65 (10bp of GMV vs. 9bp of GMV in 1QFY25). PAYTM expects to launch the DLG model (Default Loss Guarantee) to gain traction in disbursements, which will aid an increase in take rate.
- Direct expenses declined 30% YoY amid a reduction in the employee base, while the company aims to focus on merchant acquisition and improving productivity of sales employees. Contribution profit stood at INR8.9b, with contribution margin at 54%. Adjusted EBITDA loss declined to INR1.86b and net loss stood at INR4.2b.

Nitin Aggarwal - Research Analyst (Nitin.Aggarwal@MotilalOswal.com)
Research Analyst: Dixit Sankharva (Dixit.Sankharva@motilaloswal.com) | **Disha Singhal** (Disha.Singhal@MotilalOswal.com)

Highlights from the management commentary

- Previously, the company operated at take rates between 4.5% and 5% without factoring in the DLG. Currently, DLG expenses are accounted for, and overall take rates over the life of a loan are above 5%.
- Over the last 4-5 years, asset quality has remained within a relatively narrow range, and without this, take rates would not vary. Adequate collection rates will drive overall take rates. Even if ECL increases, the company will maintain a 5% take rate.
- Sourcing revenue was 3.5-4%, while collection revenue accounted for 1%. Last quarter saw slightly higher collection revenue.
- The company is focused on becoming profitable (adjusted EBITDA) by the end of the year and may even surpass its guidance, expecting to achieve significant profitability by then.

Valuation and view: Maintain NEUTRAL with a TP of INR700

- PAYTM reported an in-line quarter characterized by recovery in business metrics. Disbursements on the platform have recovered slightly from the lows of 1Q as the company/lenders retained their conservative stance. GMV was in line.
- Most of the business metrics have rebounded marginally from the lows of 1Q. We expect continued recovery leading to a 24% revenue CAGR over FY25-27E.
- Contribution margin improved to 54% from 50% in 1QFY25, led by improvement in financial services' revenue mix and strong cost-control measures. The management expects to keep contribution margin healthy aided by continued cost rationalization and steady growth in the merchant financial services business.
- We estimate a ~26% CAGR in disbursements over FY25-27E, while the take rate is likely to improve as PAYTM makes use of DLG arrangements. Payment processing margin is likely to moderate to 5-6bp vs. the historical rate of 7-9bp, primarily due to the discontinuation of more profitable products.
- We largely maintain our contribution profit estimates for FY25/26E. We estimate PAYTM to turn EBITDA positive by FY27. Also, PayTM has received much awaited approval from NPCI of onboarding of new UPI customers; we will further review our estimates and rating after getting more clarity on recovery in business volumes and growth in MTUs, post this key regulatory approval. **We value PAYTM at INR700 based on 20x FY30E EBITDA discounted to FY26E, which corresponds to 5.2x FY26E sales. We retain NEUTRAL rating on the stock.**

Quarterly Performance												(INR b)
	FY24				FY25E				FY24	FY25E	FY24E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Est
Payment and Financial Services	**19.2**	**20.7**	**22.9**	**18.6**	**11.6**	**13.2**	**15.1**	**19.3**	**81.3**	**59.2**	**12.0**	**0.1**
% Change (Y-o-Y)	42.4	36.1	43.0	-3.0	-39.3	-36.2	-34.0	3.8	27.4	-27.1	-42.1	-0.1
Commerce and Cloud Services	**4.1**	**4.2**	**5.1**	**4.0**	**3.2**	**3.0**	**3.0**	**2.9**	**17.4**	**12.2**	**3.9**	**-0.2**
% Change (Y-o-Y)	22.0	12.5	22.4	0.5	-20.7	-28.8	-40.8	-26.6	14.4	-30.0	-9.1	2.2
Revenue from Operations	**23.4**	**25.2**	**28.5**	**22.7**	**15.0**	**16.6**	**18.5**	**22.6**	**99.8**	**72.7**	**16.2**	**0.0**
% Change (Y-o-Y)	39.3	31.6	38.2	-2.9	-35.9	-34.1	-35.1	-0.3	24.9	-27.1	-35.9	-0.0
Direct Expenses	10.4	10.9	13.3	9.8	7.5	7.7	8.1	9.3	44.4	32.5	7.7	-0.0
Contribution Profit	**13.0**	**14.3**	**15.2**	**12.9**	**7.5**	**8.9**	**10.4**	**13.3**	**55.4**	**40.2**	**8.5**	**0.1**
% Change (Y-o-Y)	79.3	69.2	45.1	0.4	-42.1	-37.3	-31.5	3.3	42.0	-27.4	-40.4	-0.1
Indirect Expenses	12.2	12.7	13.0	11.9	13.0	10.8	11.0	11.8	49.8	46.6	11.6	-0.1
Adjusted EBITDA	**0.8**	**1.5**	**2.2**	**1.0**	**-5.5**	**-1.9**	**-0.6**	**1.5**	**5.6**	**-6.4**	**-3.1**	**-0.4**
EBITDA	**-2.9**	**-2.3**	**-1.6**	**-2.2**	**-7.9**	**-4.0**	**-3.3**	**-0.6**	**-9.1**	**-15.9**	**-5.5**	**-0.3**
PAT	**-3.6**	**-2.9**	**-2.2**	**-5.5**	**-8.4**	**-4.2**	**-3.5**	**-0.9**	**-14.2**	**-16.9**	**-6.6**	**-0.4**
% Change (Y-o-Y)	-44.5	-49.9	-43.9	227.1	134.7	45.5	58.2	-83.5	-19.9	19.2	130.9	-0.7
Adj. PAT	**-3.6**	**-2.9**	**-2.2**	**-3.2**	**-8.4**	**9.3**	**-3.5**	**-0.9**			**-6.6**	
Operating Parameters												
GMV (INRt)	4.1	4.5	5.1	4.7	4.3	4.5	4.9	5.0	18.3	18.7	4.6	-0.0
Disbursements (INR b)	148.5	162.1	155.4	58.0	50.1	52.8	60.2	72.6	523.7	235.7	60.1	-0.1
GMV Growth (%)	36.8	41.5	47.4	29.6	5.2	-0.7	-3.6	7.0	38.4	2.0	1.3	
Disbursements Growth (%)	167.3	121.7	56.0	-53.8	-66.3	-67.4	-61.3	25.2	48.0	-55.0	-62.9	
Profitability												-
Contribution Margin (%)	55.7	56.6	53.3	56.8	50.3	53.9	56.3	58.9	55.5	55.3	52.6	
Adjusted EBITDA Margin (%)	3.6	6.1	7.7	4.5	-36.4	-11.2	-3.3	6.7	5.6	-8.8	-19.0	
EBITDA Margin (%)	-12.5	-9.2	-5.5	-9.9	-52.8	-24.3	-17.7	-2.7	-9.1	-21.8	-34.1	

E: MOFSL Estimates

Quarterly Snapshot

Profit and Loss (INR m)	FY24				FY25		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Payment and Financial Services	**19,180**	**20,710**	**22,860**	**18,590**	**11,640**	**13,220**	**-36**	**14**
Commerce and Cloud Services	**4,050**	**4,240**	**5,140**	**3,950**	**3,210**	**3,020**	**-29**	**-6**
Total revenue from Operations	**23,420**	**25,190**	**28,510**	**22,680**	**15,010**	**16,600**	**-34**	**11**
Direct Expenses	10,380	10,930	13,300	9,798	7,461	7,660	-30	3
Contribution Profit	**13,040**	**14,260**	**15,210**	**12,882**	**7,549**	**8,940**	**-37**	**18**
Indirect Expenses	12,200	12,720	13,010	11,860	13,010	10,800	-15	-17
Adjusted EBITDA	**840**	**1,540**	**2,200**	**1,022**	**-5,461**	**-1,860**	**-221**	**-66**
ESOP Expense	3,770	3,850	3,780	3,260	2,470	2,180	-43	-12
EBITDA	**-2,930**	**-2,310**	**-1,580**	**-2,238**	**-7,931**	**-4,040**	**75**	**-49**
Depreciation and Amortization	1,590	1,800	2,010	1,960	1,780	1,790	-1	1
Other Income	1,230	1,440	1,490	1,320	1,380	1,750	22	27
PBT	**-3,540**	**-2,730**	**-2,190**	**-3,098**	**-8,381**	**-4,070**	**49**	**-51**
Tax	40	130	10	140	20	90	-31	350
PAT	**-3,580**	**-2,860**	**-2,200**	**-5,508**	**-8,401**	**-4,160**	**45**	**-50**
Adj. PAT	**-3,580**	**-2,920**	**-2,200**	**-3,238**	**-8,401**	**9,290**	**-418**	**-211**
Key Metrics (INR b)								
GMV (INRt)	4.1	4.5	5.1	4.7	4.3	4.5	-1	5
Disbursements (INR b)	148.5	162.1	155.4	58.0	50.1	52.8	-67	5
-Personal Loans	40.6	39.3	44.6	33.9	25.0	19.8	-50	-21
-Merchant Loans	27.4	32.8	35.8	16.7	25.1	33.0	1	32
MTU (average over the period) (m)	92.0	95.0	100.0	96.0	78.0	71.0	-25	-9
Registered Merchants (m)	35.6	37.5	39.3	40.6	41.2	42.0	12	2
Payment Devices (m)	7.9	9.2	10.6	10.7	10.9	11.2	22	3
Ratios (%)	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**YoY (bp)**	**QoQ (bp)**
Take rates - Financial Services (%)	3.5	3.5	3.9	5.2	5.6	7.1	360	153
Payment processing charges % of GMV (%)	0.19	0.18	0.19	0.15	0.12	0.12	-6	0
Net Payment Margin as % of GMV, bp	16.00	15.71	14.67	18.21	8.99	10.40	-531	141
Net Payment Margin (%)	46.4	47.1	44.6	54.9	43.3	49.2	202	584
Contribution Margin (%)	55.7	56.6	53.3	56.8	50.3	53.9	-275	356
Indirect Expense % of Revenues	52.1	50.5	45.6	52.3	86.7	65.1	1,456	-2,162
Adjusted EBITDA Margin (%)	3.6	6.1	7.7	4.5	-36.4	-11.2	-1,732	2,518
EBITDA Margin (%)	-12.5	-9.2	-5.5	-9.9	-52.8	-24.3	-1,517	2,850
PAT Margin (%)	-15.3	-11.4	-7.7	-24.3	-56.0	-25.1	-1,371	3,091

E: MOFSL Estimates

Highlights from the management commentary

DLG model

- Previously, the company operated at take rates between 4.5% and 5% without factoring in the DLG. Currently, DLG expenses are accounted for, and overall take rates over the life of a loan are above 5%.
- The overall take rate is expected to exceed 5%, resulting in substantial revenue.
- Most of the competitors have operated using the DLG model, which is expected to boost the revenue potential.
- The DLG cost will be reimbursed to the company, ensuring higher revenue.
- The 5% take rate includes collection, DLG, and commissions related to disbursements.
- Many of these loans have terms of ~12-18 months.
- The 5% take rate with DLG is notably different from non-DLG loans.
- The company has observed an improvement in asset quality since Mar and Apr.
- Some lenders may choose not to adopt the DLG model, but the company is fine with this and it may not apply to all loans.
- DLG is considered a regulatory best practice, and some new lending partners may prefer the DLG model.
- Over the last 4-5 years, asset quality has remained within a relatively narrow range, and without this, take rates would not vary. Adequate collection rates will drive overall take rates. Even if ECL increases, the company will maintain a 5% take rate.
- Lenders are confident based on historical data, and the DLG model is expected to drive higher disbursements.
- Regarding the accounting for the DLG model: sourcing fees are recognized upfront, DLG is calculated based on the ECL model and treated as a direct expense, while collection is reflected in financial services.
- Gross take rates could rise to 8-9% within the next 12 months, with net take rates, after factoring in ECL, remaining above 5%.
- The company's AUM stood at INR16.5b, and disbursements are slightly higher. If the DLG is less than 5%, it will be deposited as FD, and 100% of this was expensed. No DLG was expensed in 1Q.
- For 100% of disbursements, 3% was DLG, and 3% was deposited as FD and expensed. If ECL exceeds 3%, the loss will be reflected in the partner's P&L as a credit loss. The company also earns a collection incentive on the loans.
- All of the above practices are fully compliant with regulatory guidelines.

Net payment margin

- The net payment margin improved 1bp QoQ due to better monetization of merchants and effective control of payment gateway costs.
- The company expects to maintain the current NPM at this level.

Devices

- The company is focusing on increasing monetization, with subscription revenue being a key component.
- Active devices can also contribute to subscription revenue.
- The company plans to refurbish unused devices from merchants and redeploy them.

Wallet

- PAYTM will await further directions from the RBI regarding PPBL.

Cost related

- The company is optimistic about reducing costs and is exploring as many areas as possible for cost savings.
- Employee-related expenses have been reduced by 60%, and the IVR system presents further opportunities for cost reduction.
- The contribution margin has returned to 55% and is expected to become the new standard, with UPI incentives providing additional gains.
- Cloud costs are being evaluated, with some in the industry considering a capex model rather than focusing solely on opex.
- The company aims to reduce operating expenses not only in employee-related areas but also across other expense categories.
- UPI consumer growth offers significant opportunities, and the third-party model presents a major potential for expansion.

Lending business

- In PL distribution, the company disbursed INR16-17b over the past quarter and continues to scale its lending partnerships, aiming to grow this business further.
- The company is witnessing strong demand, although some partners remain cautious and are navigating a careful phase in the lending cycle.
- Financial services revenue is expected to continue increasing, with improved revenues creating the scale needed for further growth in the next few quarters.
- Sourcing revenue was 3.5-4.0%, while collection revenue accounted for 1%. Last quarter saw slightly higher revenue collection.
- While there has been some expansion in secured lending, the core focus remains on PL and ML, which are significant contributors.
- The company is not aggressively pursuing secured loans at this time but may explore this business in the future.
- The wealth management business presents a great opportunity, and the company is also working on expanding its insurance business.
- There is strong demand in both ML and PL, with different addressable markets, and ML growth is ramping up again.
- The company has added new partners, although the ramp-up has been slower, and it is evaluating both existing and potential new partners.

Payments business

- The company sees a 2x penetration opportunity in metro cities, driven by the consumer network effect and the increasing demand for sound boxes from merchants. NPCI has provided data on 60m merchants.
- Managing inactive merchants is an ongoing process. Devices collected from the market typically have battery issues or wear and tear. After refurbishing these devices, merchants become active again, and revenue starts flowing in.

EBITDA margin

- The company is focused on becoming a profitable partner by the end of the year and may even surpass its guidance, expecting to achieve significant profitability by then. Profitability is anticipated in the near future.

Cash in the balance sheet

- The company aims to generate free cash flow with its surplus cash reserves. It currently holds INR100b and does not foresee any immediate need or scenario for utilizing this cash.
- With its strong cash position, the company expects to consistently generate cash. In the next couple of quarters, a clearer plan for cash utilization will emerge.

Story in charts

Exhibit 1: Trend in segmental mix (%)

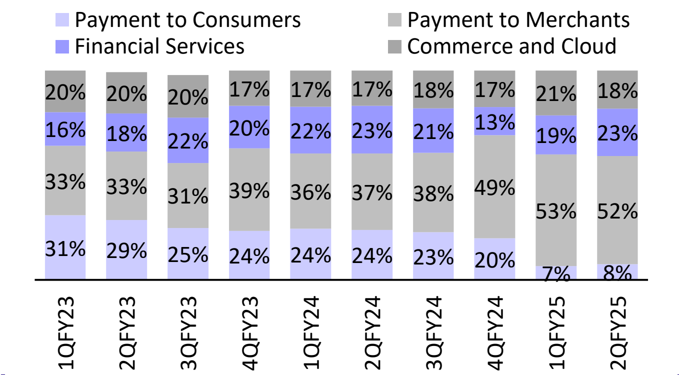


Exhibit 2: GMV improved 5% QoQ to INR4.5t in 2QFY25

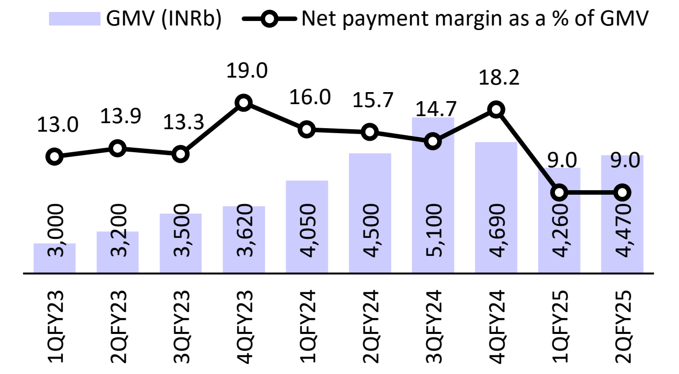


Exhibit 3: Average MTU declined to 71m in 2QFY25

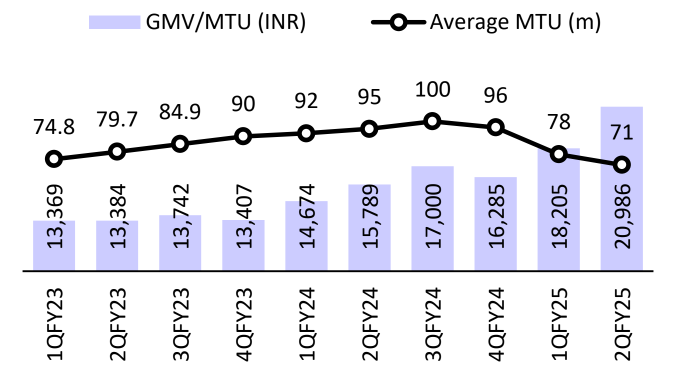


Exhibit 4: Merchant base grew to 42m in 2QFY25

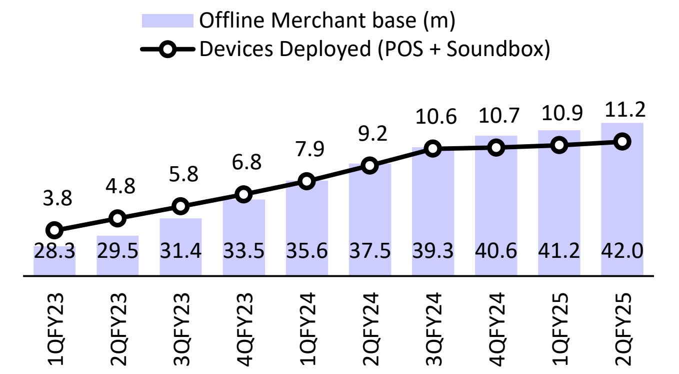


Exhibit 5: Marketing expenses declined to 9% of revenues

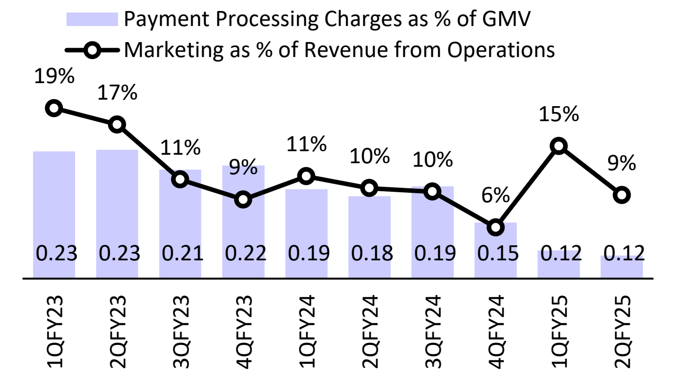


Exhibit 6: Loans disbursed improved to INR52.8b

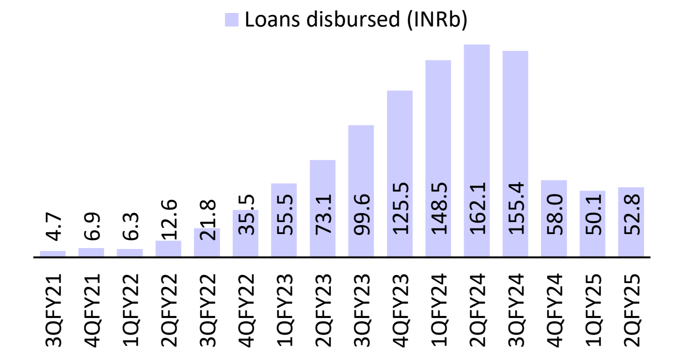


Exhibit 7: Contribution margin improved to 53.9%

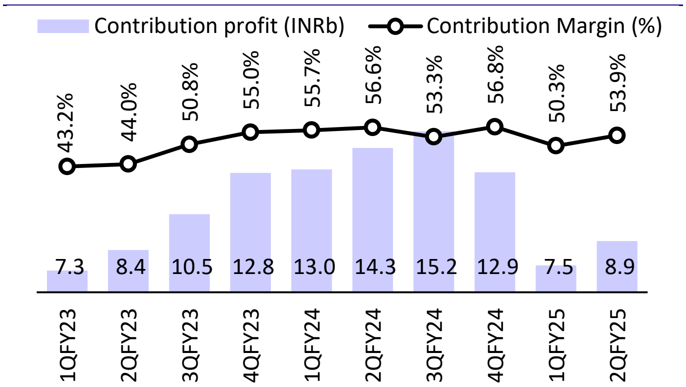
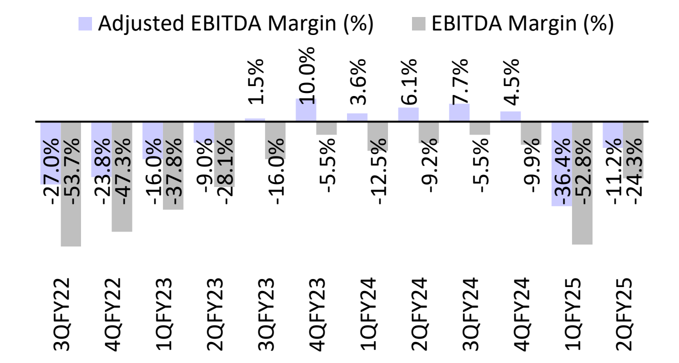


Exhibit 8: Adj EBITDA & EBITDA margin improved in 2QFY25



Source: MOFSL, Company

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Valuation and view: Maintain NEUTRAL with a TP of INR700

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- Contribution margin improved to 54% from 50% in 1QFY25, led by improvement in financial services' revenue mix and strong cost-control measures. The management expects to keep contribution margin healthy aided by continued cost rationalization and steady growth in the merchant financial services business.
- We estimate a ~26% CAGR in disbursements over FY25-27E, while the take rate is likely to improve as PAYTM makes use of DLG arrangements. Payment processing margin is likely to moderate to 5-6bp vs. the historical rate of 7-9bp, primarily due to the discontinuation of more profitable products.
- We largely maintain our contribution profit estimates for FY25/26E. We estimate PAYTM to turn EBITDA positive by FY27. Also, PayTM has received much awaited approval from NPCI of onboarding of new UPI customers; we will further review our estimates and rating after getting more clarity on recovery in business volumes and growth in MTUs, post this key regulatory approval. **We value PAYTM at INR700 based on 20x FY30E EBITDA discounted to FY26E, which corresponds to 5.2x FY26E sales. We retain NEUTRAL rating on the stock.**

Exhibit 9: We cut our estimates and expect PAYTM to achieve an adjusted EBITDA breakeven by FY27

INR b	Old Estimates		New Estimates		Change (%/bps)	
	FY25	FY26	FY25	FY26	FY25	FY26
Payment and Financial Services	56.9	71.2	59.2	75.0	4.1	5.3
Commerce and Cloud Services	15.9	18.3	12.2	14.0	-23.3	-23.6
Revenue from Operations	**74.1**	**91.1**	**72.7**	**90.6**	**-1.8**	**-0.6**
Direct Expenses	32.6	39.5	32.5	39.0	-0.3	-1.3
Contribution Profit	**41.4**	**51.6**	**40.2**	**51.6**	**-3.0**	**0.0**
Indirect Expenses	46.7	50.6	46.6	52.5	-0.1	3.8
Adjusted EBITDA	**-5.2**	**1.0**	**-6.4**	**-0.9**	NA	NA
EBITDA	**-15.3**	**-5.1**	**-15.9**	**-6.6**	**NA**	**NA**
PAT	**-18.5**	**-8.0**	**-16.9**	**-7.0**	**NA**	**NA**
GMV (INRt)	19.2	22.5	18.7	21.8	-2.9	-2.9
Disbursements	288	351	236	302	-18.2	-14.2
Contribution Margin (%)	56.0	56.7	55.3	57.0	-67	30
Adjusted EBITDA Margin (%)	-7.1	1.1	-8.8	-1.0	-174	-211
EBITDA Margin (%)	-20.7	-5.7	-21.8	-7.3	-108	-160
PAT Margin (%)	-25.0	-8.8	-23.3	-7.7	172	109

Note: Our estimates are factoring in UPI incentive which comes in fourth quarter. Source: MOFSL, Company

Financials and valuations

Income Statement

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Payment Services to Consumers	21.1	21.7	7.5	9.6	11.3
Payment Services to Merchants	27.4	39.6	36.2	41.3	50.2
Financial Services and Others	15.4	20.0	15.6	24.1	30.2
Payment and Financial Services	**63.8**	**81.3**	**59.2**	**75.0**	**91.7**
Growth (%)	65.5	27.4	-27.1	26.6	22.2
Commerce	6.2	7.0	0.0	0.0	0.0
Cloud	9.0	10.3	0.0	0.0	0.0
Commerce and Cloud Services	**15.2**	**17.4**	**12.2**	**14.0**	**16.5**
Growth (%)	37.6	14.4	-30.0	15.0	18.0
Other Operating Revenue	0.9	1.1	1.3	1.6	2.0
Revenue from Operations	**79.9**	**99.8**	**72.7**	**90.6**	**110.2**
Growth (%)	60.6	24.9	-27.1	24.6	21.6
Payment processing charges	29.6	32.8	21.5	25.6	30.4
Promotional cashback & incentives	5.0	3.1	1.9	3.1	4.1
Other Expenses	6.3	8.5	9.2	10.4	11.9
Direct Expenses	**40.9**	**44.4**	**32.5**	**39.0**	**46.5**
Growth (%)	17.7	8.6	-26.8	19.9	19.2
Contribution Profit	**39.0**	**55.4**	**40.2**	**51.6**	**63.7**
Growth (%)	160.4	42.0	-27.4	28.4	23.4
Marketing	5.7	6.1	5.5	6.3	7.7
Employee cost (Excl ESOPs)	23.2	31.2	25.9	28.5	31.9
Software, cloud and data center	6.9	6.4	7.1	7.7	8.5
Other indirect expenses	4.9	6.0	8.1	10.0	11.8
Indirect Expenses	**40.8**	**49.8**	**46.6**	**52.5**	**59.9**
Growth (%)	35.2	22.1	-6.4	12.7	14.0
Adjusted EBITDA	**-1.8**	**5.6**	**-6.4**	**-0.9**	**3.8**
Growth (%)	-88.4	-418.2	-214.6	-85.9	-522.4
ESOP Expense	14.6	14.7	9.5	5.7	2.4
EBITDA	**-16.3**	**-9.1**	**-15.9**	**-6.6**	**1.4**
Growth (%)	-29.9	-44.4	74.8	-58.5	-121.2
Finance Costs	0.2	0.2	0.3	0.3	0.4
Depreciation and Amortization Expenses	4.9	7.4	7.1	8.1	9.4
Other Income	4.1	5.5	7.0	8.8	10.9
PBT	**-17**	**-11**	**-16**	**-6**	**3**
Share of (profit)/loss of associates/JV	0.1	0.4	0.3	0.3	0.4
Exceptional items	0.0	2.3	0.0	0.0	0.0
Tax	0.3	0.3	0.4	0.4	0.1
PAT	**-17.8**	**-14.2**	**-16.9**	**-7.0**	**2.1**
Growth (%)	-25.9	-19.9	19.2	-58.9	-129.9

Balance Sheet

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Share Capital	0.6	0.6	0.6	0.7	0.7
Reserves & Surplus	129.5	132.6	124.2	120.7	121.7
Non-Controlling Interest	-0.2	-0.3	-0.3	-0.3	-0.4
Net Worth	**129.9**	**133.0**	**124.5**	**121.0**	**122.0**
Non-Current Liabilities	6.4	5.9	0.5	0.6	0.6
Current Liabilities	43.3	32.5	70.7	97.8	112.4
Total Liabilities	**179.7**	**171.4**	**195.8**	**219.4**	**235.0**
Fixed Assets	12.2	12.6	13.1	13.7	14.4
Investments	13.2	22.6	25.2	27.8	30.5
Other Non-Current Assets	8.7	11.6	13.3	14.8	16.6
Non-Current Assets	**36.6**	**47.2**	**51.6**	**56.3**	**61.5**
Investments	11.2	23.3	23.3	23.3	23.3
Cash and Bank Balances	103.8	73.0	83.1	96.0	99.0
Other Current Assets	28.0	27.9	37.8	43.8	51.2
Current Assets	**143.0**	**124.2**	**144.2**	**163.1**	**173.5**
Total Assets	**179.7**	**171.4**	**195.8**	**219.4**	**235.0**

Financials and valuations

Key Operating Metrics

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
GMV (INRt)	13.2	18.3	18.7	21.8	25.8
Disbursements (INR b)	353.8	523.7	235.7	301.6	377.0
Net Payment Margins (INRm)	18.9	28.5	9.7	9.7	11.2
Revenue from Operations Mix (%)					
Payment Services to Consumers	27%	23%	12%	12%	12%
Payment Servies to Merchants	34%	40%	50%	46%	46%
Financial Services and Others	19%	20%	21%	27%	27%
Payment and Financial Services	**81%**	**83%**	**83%**	**85%**	**85%**
Commerce	8%	7%	0%	0%	0%
Cloud	11%	10%	0%	0%	0%
Commerce and Cloud Services	**19%**	**17%**	**0%**	**0%**	**0%**

E: MOFSL Estimates

Ratios

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Payment Services to Consumers % of GMV	0.16	0.12	0.04	0.04	0.04
Payment Servies to Merchants % of GMV	0.21	0.22	0.19	0.19	0.19
Take rates - Financial Services (%)	0.004	0.004	0.007	0.008	0.008
Payment processing charges % of GMV	0.22	0.18	0.12	0.12	0.12
Net Payment Margin (%)	0.14	0.16	0.05	0.04	0.04
Direct Expense % of Revenues	51.2	44.5	44.7	43.0	42.2
Contribution Margin (%)	48.8	55.5	55.3	57.0	57.8
Indirect Expense % of Revenues	51.0	49.9	64.1	58.0	54.4
EBITDA Margin (%)	-20.4	-9.1	-21.8	-7.3	1.3
Adjusted EBITDA Margin (%)	-2.2	5.6	-8.8	-1.0	3.5
PAT Margin (%)	-22.2	-14.3	-23.3	-7.7	1.9

Valuation	FY23	FY24	FY25E	FY26E	FY27E
RoE	-13.1	-10.8	-13.2	-5.7	1.7
RoA	-9.9	-8.1	-9.2	-3.4	0.9
Sales per share (INR)	126	157	112	137	162
Growth (%)	64.4	24.5	-28.5	22.3	18.2
Price-Sales (x)	**5.4**	**4.4**	**6.1**	**5.0**	**4.2**
Book Value per share (INR)	205	209	192	183	180
Growth (%)	-5.9	2.0	-8.1	-4.6	-2.0
Price-BV (x)	**3.3**	**3.3**	**3.6**	**3.7**	**3.8**
EBITDA per share (INR)	-26	-14	-24	-10	2
Price-EBITDA (x)	**NA**	**NA**	**NA**	**NA**	**335.0**
EPS (INR)	-28.0	-22.4	-26.2	-10.5	3.1
Growth (%)	-24.1	-20.2	17.0	-59.7	-129.0
Price-Earnings (x)	**NA**	**NA**	**NA**	**NA**	**223.9**

E: MOFSL Estimates

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SELL	< - 10%
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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
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Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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