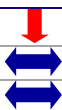


One 97 Communications

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%).

Nitin Aggarwal - Research Analyst (Nitin.Aggarwal@MotilalOswal.com)

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

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

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- 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%
Payment and Financial Services	11.6	13.2	15.1	15.9	16.1	17.6	18.6	19.1	55.8	71.3	18.4	1%
% 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	
Commerce and Cloud Services	3.2	3.0	2.7	2.7	2.5	2.3	2.4	2.6	11.6	9.7	2.4	1%
Revenue from Operations	15.0	16.6	18.3	19.1	19.2	20.6	21.9	22.6	69.0	84.4	21.3	3%
% 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%
Contribution Profit	7.5	8.9	9.6	10.7	11.5	12.1	12.5	12.7	36.8	48.8	12.7	-2%
% 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%
Adjusted EBITDA	-5.5	-1.9	-0.4	0.8	1.0	1.8	1.6	1.3	-6.9	5.7	2.0	-24%
EBITDA	-7.9	-4.0	-2.2	-0.9	0.7	1.4	1.6	1.3	-15.1	5.0	1.7	
Adj. PAT	-8.4	-4.2	-2.1	-0.2	1.4	2.1	2.3	1.9	-14.9	7.7	2.4	-5%
% 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	
PAT	-8.4	9.3	-2.1	-5.4	1.2	0.2	2.3	1.9	-6.7	5.6	2.4	-5%
Profitability												
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
Payment and Financial Services	11,640	13,220	15,050	15,910	16,050	17,570	18,640	24	6
Commerce and Cloud Services	3,210	3,020	2,670	2,670	2,470	2,280	2,380	-11	4
Total revenue from Operations	15,010	16,600	18,280	19,115	19,175	20,620	21,940	20	6
Direct Expenses	7,461	7,660	8,690	8,390	7,660	8,550	9,450	9	11
Contribution Profit	7,549	8,940	9,590	10,725	11,515	12,070	12,490	30	3
Indirect Expenses	13,010	10,800	10,000	9,920	10,497	10,300	10,920	9	6
Adjusted EBITDA	-5,461	-1,860	-410	805	1,018	1,770	1,560	NA	-12
ESOP Expense	2,470	2,180	1,820	1,690	300	350	0	-100	-100
EBITDA	-7,931	-4,040	-2,230	-885	718	1,420	1,560	NA	10
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
PBT	-8,381	-4,070	-2,030	-185	1,432	2,210	2,300	NA	4
Tax	20	90	50	30	40	100	50	0	-50
Adj. PAT	-8,401	-4,160	-2,080	-215	1,392	2,110	2,250	NA	7
PAT	-8,401	9,290	-2,080	-5,435	1,225	210	2,250	NA	971
Key Metrics (INR 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
Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY (bp)	QoQ (bp)
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 (%)

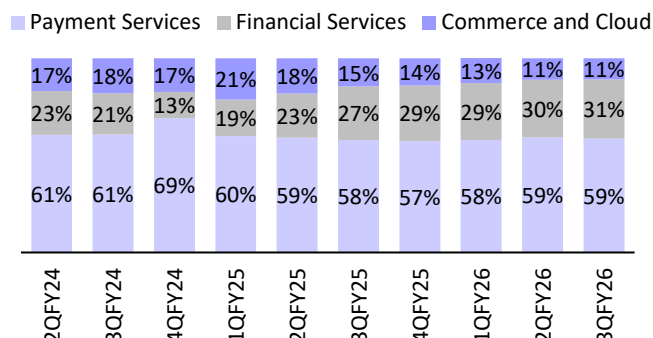


Exhibit 2: GMV improved 23%YoY/9% QoQ to INR6.2t

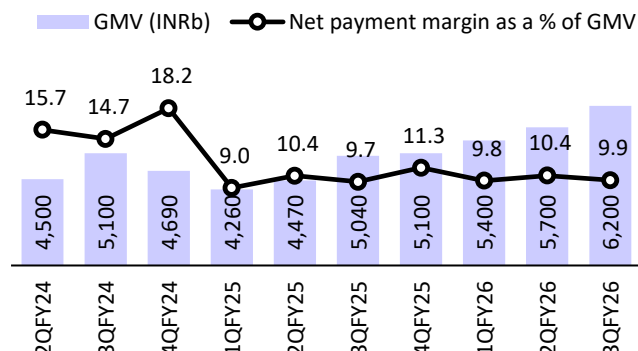


Exhibit 3: Average MTU improved to 76m in 3QFY26

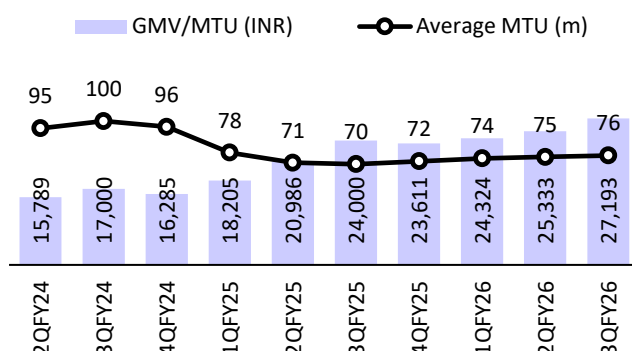


Exhibit 4: Merchant base grew to 48m in 3QFY26

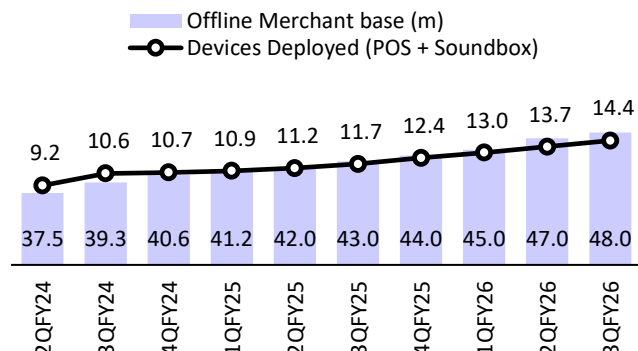


Exhibit 5: Payment processing charges as a % of GMV stood at 11bp

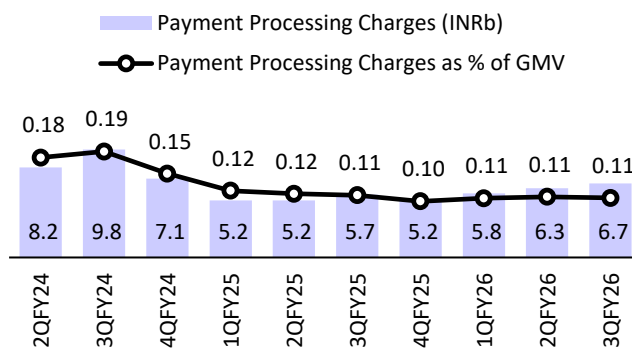


Exhibit 6: Contribution margin stood healthy at 56.9% (58.5% as of 2QFY26)

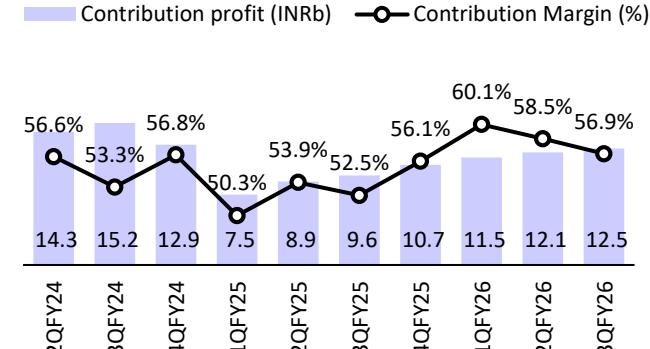
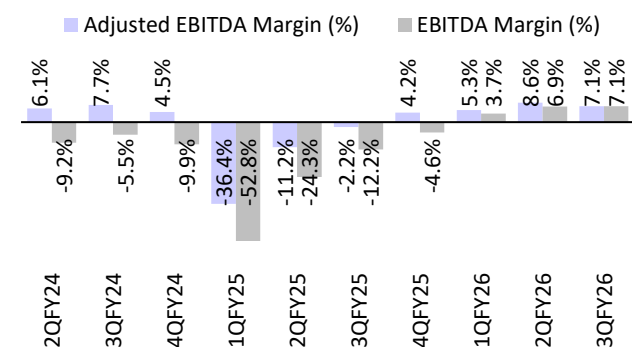
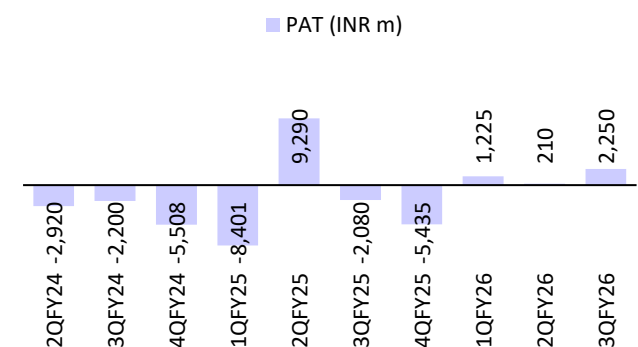


Exhibit 7: Adj EBITDA & EBITDA margin expanded in 3QFY26



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
Revenue from Operations	83.5	98.2	120.4	84.4	94.4	117.7	1.1	-3.9	-2.2
Direct Expenses	33.7	36.5	43.2	35.6	40.2	48.2	5.7	10.1	11.6
Contribution Profit	49.8	61.7	77.1	48.8	54.2	69.5	-2.1	-12.2	-9.9
Indirect Expenses	42.8	49.1	56.0	43.1	47.5	52.4	0.6	-3.4	-6.5
Adjusted EBITDA	7.0	12.6	21.1	5.7	6.7	17.1	-18.8	-46.6	-18.9
EBITDA	5.5	11.1	19.7	5.0	6.7	17.1	-8.2	-39.5	-13.2
PAT	6.7	13.0	20.1	5.6	8.9	17.4	-16.7	-31.5	-13.8
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
Payment and Financial Services	63.8	81.3	55.8	71.3	79.0	99.7
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
Commerce and Cloud Services	15.2	17.4	11.6	9.7	11.5	13.6
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
Revenue from Operations	79.9	99.8	69.0	84.4	94.4	117.7
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
Direct Expenses	40.9	44.4	32.2	35.6	40.2	48.2
Growth (%)	17.7	8.6	-27.4	10.5	12.9	20.0
Contribution Profit	39.0	55.4	36.8	48.8	54.2	69.5
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
Indirect Expenses	40.8	49.8	43.7	43.1	47.5	52.4
Growth (%)	35.2	22.1	-12.2	-1.4	10.1	10.3
Adjusted EBITDA	-1.8	5.6	-6.9	5.7	6.7	17.1
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
EBITDA	-16.3	-9.1	-15.1	5.0	6.7	17.1
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
PBT	-17.3	-11.2	-14.7	7.9	9.9	20.4
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
Adjusted PAT	-17.8	-11.9	-14.9	7.7	8.9	17.4
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
PAT	-17.8	-14.2	-6.7	5.6	8.9	17.4
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
Net Worth	129.9	133.0	150.0	153.8	158.2	166.9
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
Total Liabilities	179.7	171.4	217.7	248.3	263.7	280.9
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
Non-Current Assets	36.6	47.2	44.3	48.4	53.0	58.1
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
Current Assets	143.0	124.2	170.2	199.9	210.7	222.7
Total Assets	179.7	171.4	214.5	248.3	263.7	280.9

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
Revenue from Operations Mix (%)						
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%
Payment and Financial Services	81%	83%	83%	88%	88%	88%
Commerce	8%	7%	0%	0%	0%	0%
Cloud	11%	10%	0%	0%	0%	0%
Commerce and Cloud Services	19%	17%	0%	12%	12%	12%

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
Price-Sales (x)	9.0	7.2	10.5	8.7	8.0	6.5
Book Value per share (INR)	205	209	235	237	237	246
Growth (%)	-5.9	2.0	12.4	0.7	0.0	3.9
Price-BV (x)	5.5	5.4	4.8	4.8	4.8	4.6
EBITDA per share (INR)	-26	-14	-24	8	10	25
Price-EBITDA (x)	NA	NA	NA	146.3	112.1	44.8
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
Price-Earnings (x)	NA	NA	NA	95.8	84.8	44.2

E: MOFSL Estimates

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

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL), National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://qalaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies). MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 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) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. 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 MOFSL 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 certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

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

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022-71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

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
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp@grievances@motilaloswal.com.