

CMP: INR 452

Outlook: Positive

Stock Info

BSE	543396
NSE	PAYTM
Bloomberg	PAYTM.IN
Sector	Online Services
Face Value (INR)	1
Equity Capital (INR Mn)	649.1
Mkt Cap (INR Mn)	294,160
52w H/L (INR)	1873.7/ 438.3
Avg Daily Vol (in 000')	4,245

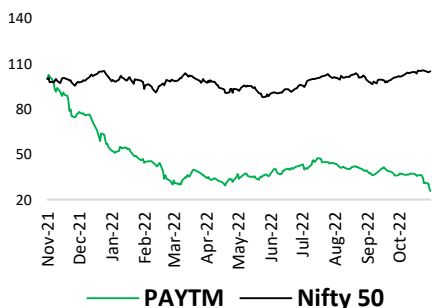
Shareholding Pattern %

(As on Sept, 2022)

Promoters	0%
FII	0%
DII	0.014%
Public & Others	99.986%

Stock Performance (%)	1m	3m	12m
PAYTM	-29%	-41%	-74%
Nifty	3%	3.7%	4.9%

PAYTM Vs Nifty



About the company: Incorporated in 2000, One 97 Communications Ltd is India's leading digital ecosystem for consumers as well as merchants. As of March 31, 2021, the company has a 333 million+ client base and 21 million+ registered merchants to whom it offers payment services, financial services, and commerce and cloud services.

Results: One 97 Communications (Paytm) continues to improve its revenue and margin profile, evident in narrowing of consolidated loss at INR 5.7bn in Q2FY23 (vs loss of INR 6.5bn in Q1FY23). The performance was characterized by sustained lower processing charges and net payment margin improving a tad; sharp acceleration in lending business with disbursements of INR 73bn; enhanced contribution/adjusted-EBITDA (before ESOP cost) margin with higher financial services/cloud revenue growth further aided by lower indirect costs; sustained growth in monthly transacting users (MTUs), deployment of offline devices and continued build-up of gross merchandise value (GMV)

Net payment take rate improved, an encouraging sign: Payment revenue build-up was supported by continued platform expansion across MTU and merchant base, growth in subscription (and MDR) revenue from offline merchants and higher GMV from online merchants in payment gateway business. The company remains confident of further improving net payment margin going forward.

Continued accelerated growth in lending business provides: Paytm postpaid's reach increased to 15mn (from 11mn QoQ) online and offline merchants. In merchant loans, repeat rate inched up to 50% (vs 45% QoQ). Currently, Paytm is working with 9 partners, of which 6 are with respect to lending business. It recently partnered with PEL and business will kickstart from Q4FY23.

Outlook: Better improvement in margin profile with better monetization suggests achievement of operating profitability (positive EBITDA before ESOP cost) ahead of its guided timeline of Q2FY24. **At INR 452, company trades 2.34x FY25E P/B (Bloomberg Estimates).**

Arihant Research DeskEmail: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office

#1011, Solitaire Corporate Park
 Building No. 10, 1st Floor
 Andheri Ghatkopar Link Road
 Chakala, Andheri (E)
 Mumbai – 400093
 Tel: (91-22) 42254800
 Fax: (91-22) 42254880

Registered Office

Arihant House
 E-5 Ratlam Kothi
 Indore - 452003, (M.P.)
 Tel: (91-731) 3016100
 Fax: (91-731) 3016199

Stock Rating Scale

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

**Research Analyst
Registration No.**

INH000002764

Contact

SMS: 'Arihant' to 56677

Websitewww.arihantcapital.com**Email Id**instresearch@arihantcapital.com

Disclaimer: This document has been prepared by Arihant Capital Markets Ltd. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Arihant may trade in investments, which are the subject of this document or in related investments and may have acted upon or used the information contained in this document or the research or the analysis on which it is based, before its publication. This is just a suggestion and Arihant will not be responsible for any profit or loss arising out of the decision taken by the reader of this document. Affiliates of Arihant may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. No matter contained in this document may be reproduced or copied without the consent of the firm.

Arihant Capital Markets Ltd.
 1011, Solitaire Corporate park, Building No. 10, 1st Floor,
 Andheri Ghatkopar Link Road, Chakala, Andheri (E)
 Tel. 022-42254800 Fax. 022-42254880