

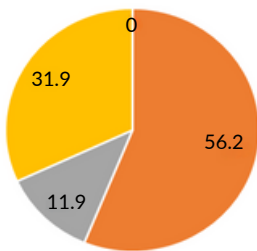
Key Data

BSE Code	543396
NSE Code	PAYTM
52 Week High (₹)	1063
52 Week Low (₹)	310
Market Cap (₹ Cr.)	49849
Face Value	1
Coverage Reported Date	18-Oct-2024

Industry Snapshot

Customers	Domestic
Market Presence	Domestic
Govt. Regulations	High
Msearch View	Positive

Shareholding Pattern



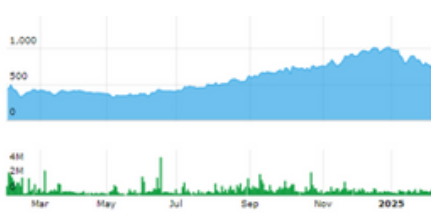
Promoters/ Management

Mr. Vijay Shekhar Sharma	Chairperson
Mr. Madhur Deora	Executive Director
Mrs. Pallavi Shardul Shroff	Independent Director
Mr. Ashit Ranjit Lilani	Independent Director

Key Ratios

PE	-
9MFY 2025 EPS	-
ROE	-9.07%
ROCE	-8.50%

Price Chart



Research Analyst

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Introduction

Incorporated in 2000, One 97 Communications Ltd well known as PayTM is India's Leading & largest Digital Ecosystem Platform for consumers as well as for merchants. The Company is engaged in the business of providing a) payment and financial services which mainly include payment facilitator services, facilitation of consumer and merchant loan distribution to consumers and merchants, wealth management, etc. b) marketing services which consist of aggregator for digital products, ticketing business, providing voice and messaging platforms to the telecom operators and enterprise customers and other businesses. The group generates the majority of its revenue from customers domiciled in India.

3Q FY 2025 Result Update

- Company reported a net loss of ₹ 208.5 cr in 3QFY 2025, total revenue grew 10% QoQ to ₹ 1827.8 Cr from ₹ 1659.50 in 2QFY 2025, driven by growth in gross merchandise value (GMV), strong subscription revenue and improved income from the distribution of financial services. During 9MFY25, PayTM posted a net loss of ₹ 118.6 cr (incl. exceptional gains in 2Q).
- GMV rose by 13% quarter-on-quarter (QoQ), supported in part by festive season demand, with payment processing margins exceeding 3 bps.
- Net payment margin grew 5% QoQ to ₹ 489 cr, primarily due to higher subscription revenue.
- Financial services revenue segment saw strong growth, fuelled by an increased share of merchant loans and higher trail revenue from the Default Loss Guarantee (DLG) portfolio. The outstanding AUM for the DLG portfolio surged to ₹ 4244 cr as of December 2024, up from ₹ 1651 cr in the previous quarter.
- Company saw subdued growth in credit card distribution segment due to industry-wide caution amid rising credit stress.

Business Update/ Management Guidance

- The company sold its stake in PayPay Corporation for ₹ 2372 cr, contributing to a sequential rise of ₹ 2851 cr in its cash balance, supported by both the stake sale and improved working capital efficiency.
- Company continues to witness growing interest from lenders to collaborate through the DLG model for both merchant and personal loans. This increasing adoption of the DLG model is expected to drive higher disbursements with existing partners while also facilitating the expansion of partnerships with new lenders. Notably, around 80% of the company's merchant loan disbursements are currently sourced through the DLG model.
- The National Payments Corporation of India (NPCI) granted approval to onboard new UPI users, while the company awaits RBI's approval to onboard new online merchants. Meanwhile, PPSL continues to offer payment aggregation services to existing online merchants.
- The company aims to explore opportunities for international expansion through organic growth and strategic investments. Management also expects merchant loan revenue to grow at an accelerated pace in the coming quarters.

MView

We believe PayTM's Q3FY25 performance reflects a mixed bag, with strong revenue growth of 10% QoQ to ₹ 1,827.8 cr, driven by robust growth in gross merchandise value (GMV), subscription revenue, and financial services income. However, the reported net loss of ₹ 208.5 cr underscores ongoing profitability challenges, partly due to subdued credit card distribution amidst industry-wide caution over rising credit stress. We think the surge in the Default Loss Guarantee (DLG) portfolio AUM to ₹ 4,244 cr signals strong traction in merchant lending, with about 80% of loans disbursed via this model, reflecting growing lender confidence. The recent ₹ 2,372 cr stake sale in PayPay Corporation has significantly strengthened the company's cash position, enhancing its financial flexibility. Additionally, regulatory approvals from NPCI for onboarding new UPI users and the potential RBI nod for new merchant acquisitions could be key growth catalysts. Looking ahead, the company's focus on expanding international markets, coupled with aggressive growth in the merchant loan segment, positions it well for long-term growth despite near-term profitability headwinds. Hence, looking at all attributes our view on PayTM is intact for 12-18 months and recommends investors to HOLD and ACCUMULATE for the long term.

CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	3QFY 2025	3QFY 2024	YoY (%)	2QFY 2025	QoQ (%)	9MFY 2025	9MFY 2024	YoY (%)
Revenue from Operations	1827.8	2850.5	-35.9%	1659.5	10.1%	4988.9	7710.7	-35.3%
Expenses:								
Employee Expenses	756.3	1187.2	-36.3%	831	-9.0%	2539.8	3484.8	-27.1%
Selling & Administration Expenses	140.9	275.2	-48.8%	154.4	-8.7%	516.7	793.3	-34.9%
Other Expenses	1153.2	1551.4	-25.7%	1077.4	7.0%	3350.3	4142.5	-19.1%
Total Expenditure	2050.4	3013.8	-32.0%	2062.8	-0.6%	6406.8	8420.6	-23.9%
EBITDA	-222.6	-163.3	36.3%	-403.3	-44.8%	-1417.9	-709.9	99.7%
EBITDA Margin	-12.2%	-5.7%	112.6%	-24.3%	-49.9%	-28.4%	-9.2%	208.7%
Other Income	188.7	148.6	27.0%	1524.2	-87.6%	1848.9	415.1	345.4%
Depreciation	165.3	200.9	-17.7%	178.6	-7.4%	522.3	540.1	-3.3%
EBIT	-199.2	-215.6	-7.6%	942.3	-121.1%	-91.3	-834.9	-89.1%
Interest	4.3	5.4	-20.4%	3.4	26.5%	11.9	19.1	-37.7%
EBT	-203.5	-221	-7.9%	938.9	-121.7%	-103.2	-854	-87.9%
Tax	7.8	1.5	420.0%	9.1	-14.3%	17.7	19.2	-7.8%
Deferred Tax	-2.8	-0.8	250.0%	-0.2	1300.0%	-2.3	-1.4	64.3%
PAT	-208.5	-221.7	-6.0%	930	-122.4%	-118.6	-871.8	-86.4%
PAT Margin	-11.4%	-7.8%	46.7%	56.0%	-120.4%	-2.4%	-11.3%	-79.0%
Share Capital	63.7	63.5		63.7		63.7	63.5	
Face Value	1	1		1		1	1	
Outstanding Shares	63.7	63.5		63.7		63.7	63.5	
Diluted EPS	-3.27	-3.49	-6.2%	14.60	-122.4%	-1.86	-13.73	-86.4%



MSEARCH

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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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