

Upgrade to ADD; Easing regulatory drag, optimizing opex to restore profitability

BFSI-Banks ▶ Visit Note ▶ September 24, 2024

TARGET PRICE (Rs): 750

We upgrade Paytm to ADD, while elevating our DCF-based TP to Rs750/share (earlier Rs375), implying 3.6x/3x FY26E/27E EV/Operating revenue, as the easing regulatory stance should pave the way for approvals from NPCI/RBI to onboard new users/online merchants soon and, thus, drive business turnaround. This, coupled with strong cost optimization measures, should put Paytm on an early path to profitability. Management expects the loan distribution business to gradually re-accelerate, led by merchant loans with relatively better take rate/asset quality to do the heavy lifting in the near-to-medium term before PL and other products in the beta stage pick up pace. Paytm's broking and insurance distribution business is gaining scale and has already turned profitable. It has sold its operationally heavy entertainment business in 2Q, which should boost cash buffers as well as reduce net loss in FY25E; it remains open to offload any other non-core business. Factoring in the higher cost optimization, we expect Paytm to again turn operating EBITDA (ex-ESOP and UPI incentive) positive by 4QFY25E, when gradual business acceleration/reduction in ESOP costs should help it turn overall EBITDA/PAT positive by FY26E/FY27E (earlier FY27E/FY28E).

One 97 Communications: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	79,903	99,778	76,837	97,917	118,961
EBITDA	(12,218)	(3,599)	(8,476)	4,798	13,952
Adj. PAT	(17,765)	(14,224)	(3,199)	(2,911)	6,263
Adj. EPS (Rs)	(27.8)	(21.8)	(4.6)	(4.2)	10.1
EBITDA margin (%)	(14.5)	(3.4)	(10.3)	4.6	11.2
EBITDA growth (%)	(40.4)	(70.5)	135.5	(156.6)	190.8
Adj. EPS growth (%)	(23.2)	(21.7)	(79.1)	(8.2)	(341.0)
RoE (%)	(13.1)	(10.8)	(2.4)	(2.3)	4.8
RoA (%)	(41.6)	(58.3)	(96.5)	(60.9)	9.4
EV/Op. rev. (x)	4.0	3.2	4.0	3.1	2.5
EV/EBITDA (x)	(25.8)	(87.7)	(36.3)	63.8	21.5
P/B (x)	3.2	3.1	3.2	3.3	3.1
P/E (x)	(23.4)	(29.9)	(142.9)	(155.7)	64.6

Source: Emkay Research

Regulatory overhang easing and merchant franchisee protected, thereby improving the road to business recovery

Paytm has largely protected its merchant base (settled at ~41mn) and transitioned its user base (78mn, down in 1QFY25 from 100mn) to new partner banks which should now pave the way for the long-pending NPCI approval to onboard new users. The recent FIPB approval should also make provision for securing the long-pending Payment Aggregator license from the RBI and thus protect its online merchant business. Postpaid loan distribution business remains in abeyance and PL is in the slow lane, but the merchant lending business is trending up well and should emerge a key growth driver till the time new products in the beta stage (viz mortgage, gold loan) gather pace. PL business too may eventually gather speed, once regulatory/partner concerns ease. Factoring in the improving business visibility, we revise our payment GMV/operational revenue CAGR to 31%/22% over FY25-28E from 25%/18%, respectively.

Cost optimization to help turn operating EBITDA (ex-ESOP) positive in 4QFY25E

Paytm has embarked on a massive cost optimization drive with heavy lifting to be done in FY25E via voluntary/involuntary staff attrition, while limiting marketing spends with bulk of the payment business now shifting to UPI. Paytm expects Rs4-5bn of staff cost savings which, coupled with relatively lower loan distribution business cost (eg lower collection cost as it moves to a distribution-only model), should reduce the overall EBITDA drag. Thus, we expect opex (ex-depreciation/ESOP) to fall 15% YoY in FY25E. This, along with improving traction in its broking business and interest income on sale proceeds from the entertainment business, should help it turn Op EBITDA (ex-ESOP and UPI incentives) positive by 4QFY25E. Better revenue growth from the reinvigorated payment/lending business, continued cost optimization (Opex ex-depreciation and ESOP/revenue to fall to 95-89% in FY26-28E from >100%), and reducing ESOP cost should further help it turn PAT positive by FY27E vs FY28E earlier (refer to Exhibit 18).

We upgrade Paytm to ADD, hauling up our TP to Rs750/share

We upgrade Paytm to ADD, revising up our DCF-based TP to Rs750/share (earlier Rs375), implying 3.6x/3x FY26E/27E EV/operating revenue. Easing regulatory stance shall pave the way for approvals from the NPCI/RBI to onboard new users/online merchants which should drive the business turnaround. This, coupled with its cost optimization measures, should put Paytm on the early path to profitability. Currently, Paytm trades at a premium (EV/TTM operating revenue: 4x) to profitable global paytech peers like PayPal/Paysafe (2.3x), given India's growth premium, as well as due to its differentiated loan distribution business; however, it is still at a discount to profitable BNPL players like Affirm (4.9x) (Refer Exhibit 1). Paytm's further re-rating will be contingent on faster recouping of lost consumer MTU, strong bounce-back in the lending business as partner/attrition issues ease, and no further regulatory disruption.

Target Price – 12M	Sep-25
Change in TP (%)	100.0
Current Reco.	ADD
Previous Reco.	REDUCE
Upside/(Downside) (%)	12.9
CMP (20-Sep-24) (Rs)	651.6

Stock Data	Ticker
52-week High (Rs)	998
52-week Low (Rs)	310
Shares outstanding (mn)	636.6
Market-cap (Rs bn)	415
Market-cap (USD mn)	5,059
Net-debt, FY25E (Rs mn)	NA
ADTV-3M (mn shares)	9
ADTV-3M (Rs mn)	5,187.0
ADTV-3M (USD mn)	62.1
Free float (%)	0.5
Nifty-50	25,791
INR/USD	83.6
Shareholding, Jun-24	
Promoters (%)	-
FPIs/MFs (%)	58.2/7.2

Price Performance

(%)	1M	3M	12M
Absolute	15.9	61.4	(22.2)
Rel. to Nifty	11.0	47.5	(39.9)

1-Year share price trend (Rs)



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Exhibit 1: Peer comparison

Company	Segment	Listed/ Unlisted	Market Cap (USD bn)	FY24-27E revenue CAGR (%)	Key Ratios - CY23/FY24					EV/ TTM Op. rev. (x)	EV/TTM EBITDA (x)	EV/ FY26 Op. rev. (x)
					EBITDA Margin (%)	PAT Margin (%)	P/Op. rev. (x)	P/BV (x)	P/E (x)			
Paytm	Payments + Loan distribution	Listed	5	6	(3.4)	(13.5)	4.6	3.2	(21.8)	4	(26)	3.6

Domestic Peers

PhonePe	Payments+ Wallets + Loan distribution	Unlisted	12	na	(30.4)	(39.4)	34.2	13.2	(35.4)	32.2	(41.4)	na
PB Fintech	Digi-Insurance + Lending	Listed	10	29	5.6	1.9	22.7	14.4	839	22.6	304.9	19.1
Zaggle	Financial Solutions Provider	Listed	1	36	10.6	5.7	5.9	9.4	91.2	5.7	52.2	3.5
RazorPay	Digi-payments Solution	Unlisted	8	na	1.9	0.3	39	135.6	7,827	38.8	1,477	na
BharatPe	Fintech-Merchants	Unlisted	3	na	(66.6)	(75.8)	161.6	(7.4)	(11.9)	154.4	(11.4)	na

International Peers

PayPal	Payment Services	Listed	72	8	20.4	14.7	2.5	3.7	17.2	2.3	10.9	2.2
Paysafe	Payments services	Listed	1	6	26.2	1.7	0.9	1.6	59	2.3	8.6	2
Affirm Inc	Fintech-BNPL	Listed	14	8	29.1	17.5	4.6	5	26.1	4.9	16.9	4.2
Global Payments Inc	Mobile Payments	Listed	28	3	42.5	16.4	2.9	1.3	17.7	4.6	11.5	4.6
Mean (x)							2.7	2.9		3.5		3.3
Median (x)							2.7	2.6		3.5		3.2

Other Platform Players

Zomato	Restaurant Aggregator	Listed	31	35	7.3	2.9	18.6	12.7	430	18.6	221.3	10
Map my India	Digital maps provider	Listed	1	35	41.2	35.3	29.9	17.2	84.6	29.3	71.3	16.2
IndiaMart	B2B digi marketplace	Listed	2	17	27.7	21.8	15.4	10.5	55	13.3	48.1	9.7
Nykaa	e-fashion platform	Listed	7	27	5.4	0.6	8.9	45.2	1,814	9.0	166.9	5.6
Car Trade	Auto marketplace	Listed	1	20	16.7	9.3	9.3	2.2	59.8	8.6	51.7	5.7

Source: Bloomberg, Emkay Research

Note 1: FY24-27E revenue CAGR and valuation ratios of all peers (except Zomato) are basis Bloomberg consensus. For Paytm – revenue CAGR looks depressed due to FY25 business hit following the Paytm Bank saga; FY25-27E revenue CAGR will be 24%

Note 2: Market prices of listed companies as on 19-Sep-24 have been considered for all the above computation purposes. Last deal values are used in case of unlisted companies

Note 3: Currently, Paytm trades at a premium (EV/TTM Op. Rev. at 4x) to profitable global peers like PayPal/Paysafe (2.3x) due to its loan distribution business, but is at a slight discount to profitable BNPL players like Affirm (4.9x). We believe tech platform companies (eg: Zomato etc) may not be strictly comparable due to their different business/growth levers, and most importantly, the regulatory dynamics. Also these companies have already turned profitable, which is reflecting in their high valuations

Note 4: Mean and Median multiples are calculated for international peers only

Exhibit 2: Valuation of Paytm under Discounted Cash Flow method – Paytm shall start generating positive cash flows from FY27E

Particulars (Rs mn)	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Operating Revenue	76,837	97,917	118,961	139,083	162,488	187,476	213,289
Revenue growth	-23%	27.4%	21.5%	16.9%	16.8%	15.4%	13.8%
EBITDA	4,524	4,798	13,952	18,347	27,327	36,961	47,113
EBITDA Margin	5.9%	4.9%	11.7%	13.2%	16.8%	19.7%	22.1%
Less: Depreciation	7,214	7,270	7,276	7,114	6,720	6,853	6,381
EBIT	(2,690)	(2,472)	6,676	11,233	20,608	30,109	40,732
EBIT Margin	-3.5%	-2.5%	5.6%	8.1%	12.7%	16.1%	19.1%
Less: Tax	25.2%	-	-	-	-	-	-
Tax as % of EBIT	0%	0%	0%	0%	0%	0%	0%
Operating Income (after Tax)	(2,690)	(2,472)	6,676	11,233	20,608	30,109	40,732
Add: Depreciation & ESOPs	17,824	13,130	9,766	10,342	10,407	10,221	9,985
Less: Capital Expenditure	9,831	11,479	12,416	12,541	10,240	13,567	14,178
as % of revenues	12.8%	11.7%	10.4%	9%	6.3%	7.2%	6.6%
Less: Change in NWC	1,232	1,540	632	760	(632)	(677)	(710)
Free Cash Flows	4,071	(2,361)	3,394	8,273	21,408	27,439	37,250
Mid-year convention		0.3	1	2	3	4	5
Present Value factor	12.5%	1	0.9	0.8	0.7	0.6	0.6
PV of Free Cash Flows		(2,292)	3,017	6,537	15,035	17,130	20,671
FCFF yield	1%	-0.6%	0.8%	2%	5.1%	6.5%	8.8%

Source: Emkay Research

Note 1: Our DCF model has an explicit forecast till FY31E, high-level forecasting for the next 5 years (FY32-36E), and terminal value thereafter

Note 2: Tax during FY25-31E is nil on account of utilization of brought forward tax losses

Exhibit 3: We arrive at an enterprise value of Rs361.8bn, implying EV/Op. revenue of 3.7x and 3x in FY26E and FY27E, respectively...

Particulars	(Rs mn)
Free cash flows for terminal year	50,376
Discount rate	12.5%
Long term growth	5%
Value at the end of explicit period	671,681
Present Value factor	0.3
Terminal Value	206,841
Sum of explicit period cash flows (FY26-36E)	149,138
Add: Terminal Value	206,841
Enterprise Value	355,979
EV/FY26E Operating revenue (x)	3.6
EV/FY27E Operating revenue (x)	3

Source: Emkay Research

Exhibit 4: ...and equity value of Rs479.9bn, translating into a value of Rs750/share

Particulars	(Rs mn)
Payment GMV FY24-FY31E CAGR	23%
Loan disbursement FY24-FY31E CAGR	15%
Enterprise Value	355,979
Add: Cash & Cash Equivalents (net of debt)	91,600
Less: Non-controlling interests	282
Add: Investments	26,762
Equity Value	474,059
No. of o/s shares	636
Fair Value per share (rounded)	750
Implied P/B multiple (x) - FY26E	3.7
Implied P/B multiple (x) - FY27E	3.6

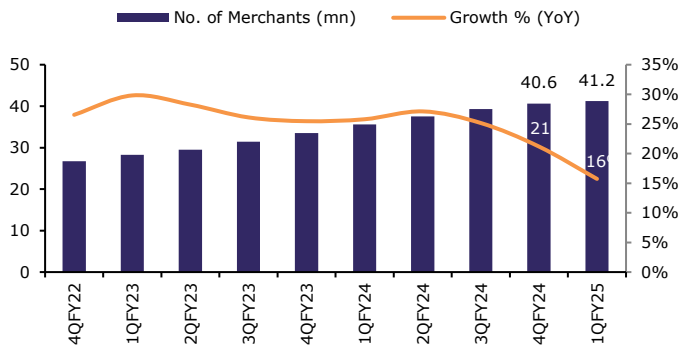
Source: Emkay Research;

Note 1: Cash & Cash equivalents include proceeds received from sale of entertainment business, and its interest thereon

Note 2: Fair value of PayPay Corp (Investments) has been considered while arriving at the above equity value

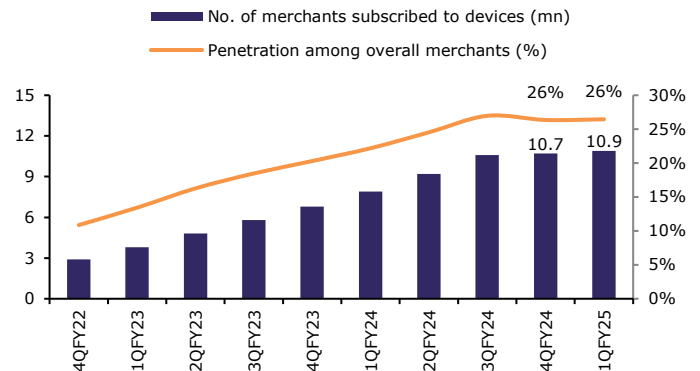
Story in charts

Exhibit 5: Paytm has largely protected its merchant franchise despite the regulatory salvo, which we believe should help its payment business and merchant lending business



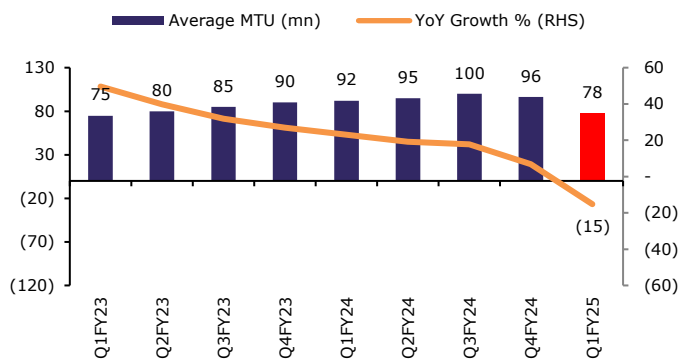
Source: Company, Emkay Research

Exhibit 6: Device subscription among merchants remains healthy and should gather pace



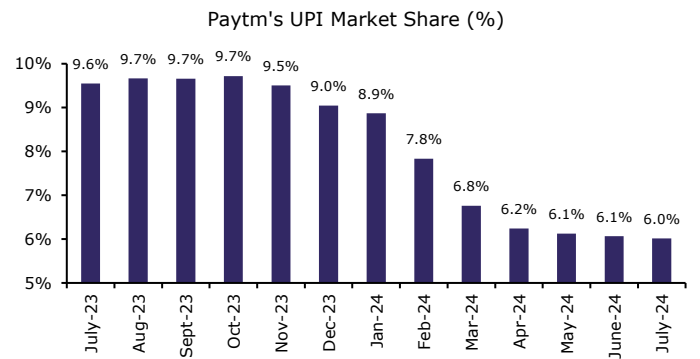
Source: Company, Emkay Research

Exhibit 7: The consumer MTU base shall re-accelerate once the company obtains NPCI approval to onboard new UPI users...



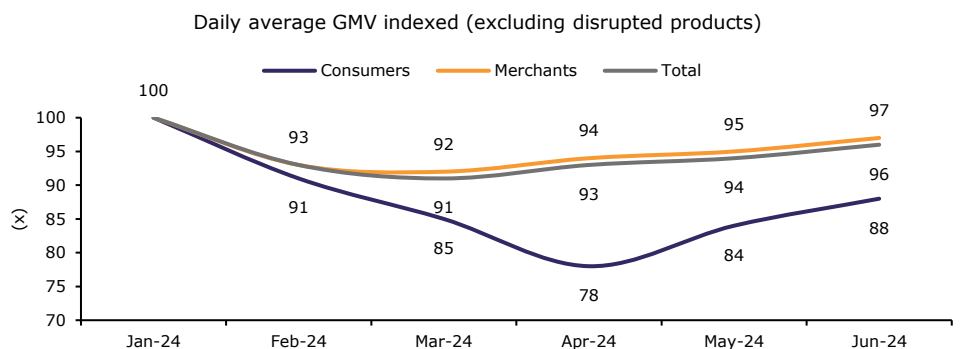
Source: Emkay Research

Exhibit 8: ...and thus, the UPI market share is expected to gradually pick up, which has currently stabilized at ~6%



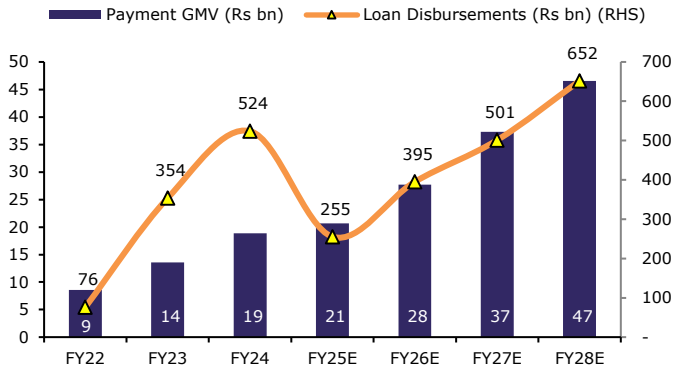
Source: Emkay Research

Exhibit 9: Daily average GMV trend is almost back to Jan-24 levels and shall continue to grow with improved merchant/consumer additions



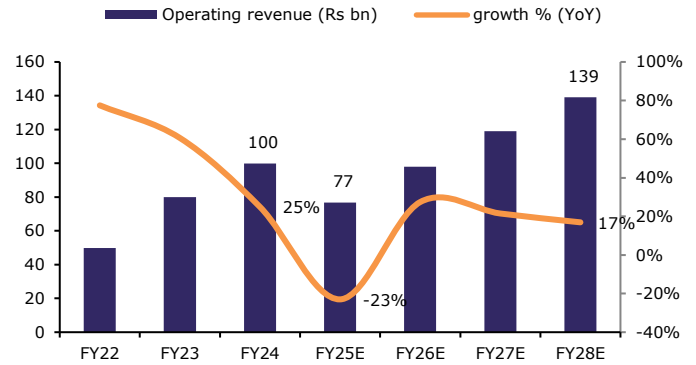
Source: Company, Emkay Research

Exhibit 10: Payment GMV is expected to grow at a CAGR of 31%, while loan disbursement shall grow at 37% over FY25-28E...



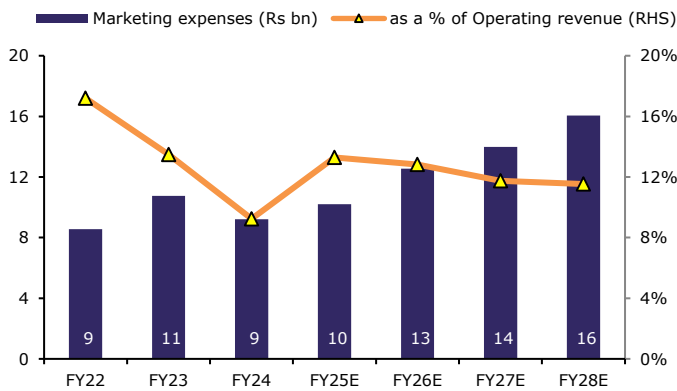
Source: Emkay Research

Exhibit 11: ...reflecting in better revenue growth post-FY25E



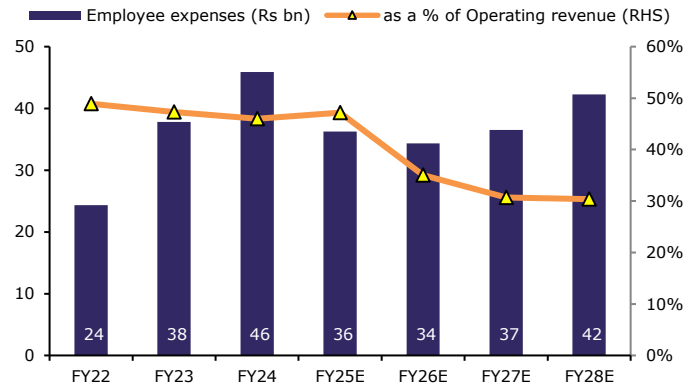
Source: Emkay Research

Exhibit 12: We expect marketing spends to gradually ease as heavy lifting in terms of MTU re-onboarding will be done in FY25E, and given that the payment business moves to a UPI model



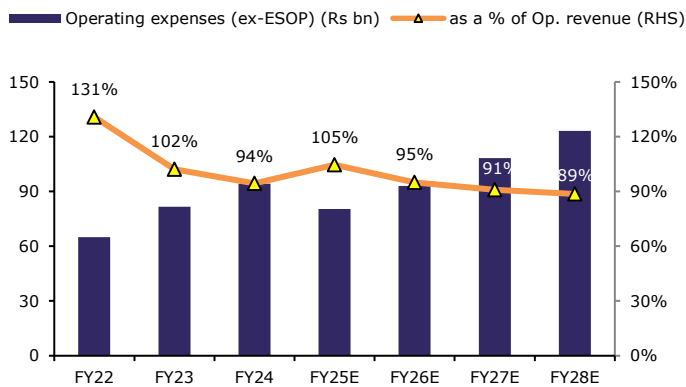
Source: Emkay Research

Exhibit 13: The company has consciously reduced its employee base and thus expects Rs4-5bn cost savings in FY25E, followed by moderation in the ESOP cost



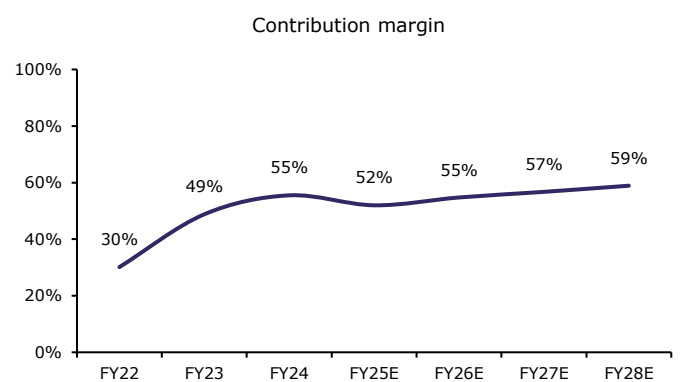
Source: Emkay Research

Exhibit 14: The company has done significant cost rationalization, hence we expect the opex (ex-ESOP) to decline 15% in FY25E



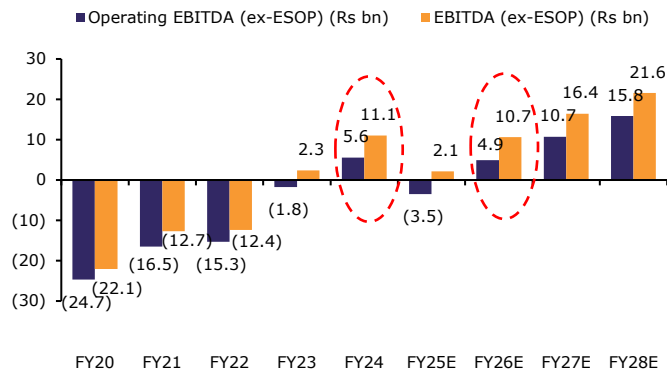
Source: Emkay Research

Exhibit 15: Better revenue growth from the reinvigorated payment/lending business and continued cost optimization shall lead to improvement in contribution margins



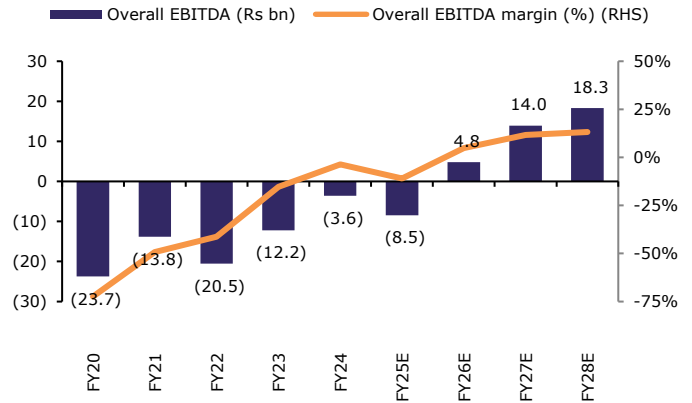
Source: Emkay Research

Exhibit 16: We believe cost optimization should help Paytm turn EBITDA (before ESOP) positive in 4QFY25E (ex-UPI incentive), followed by revenue acceleration in FY26E...



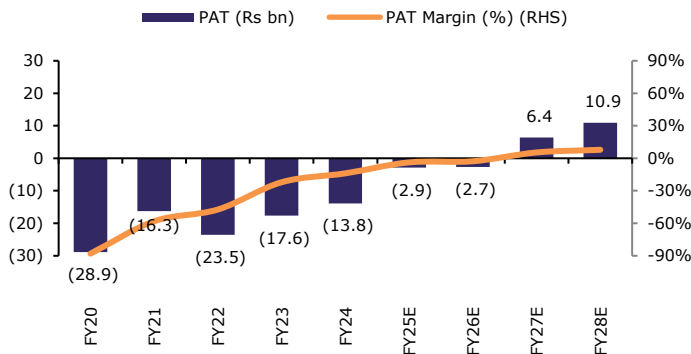
Source: Company, Emkay Research; Note: Operating EBITDA is computed excluding non-operating income

Exhibit 17: ...and so also EBITDA positive in FY26E



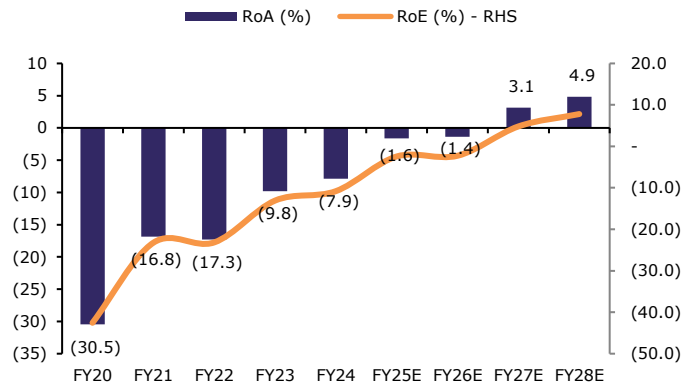
Source: Company, Emkay Research

Exhibit 18: Better revenue growth from payment/lending business and reducing ESOP cost should help it turn PAT positive by FY27E...



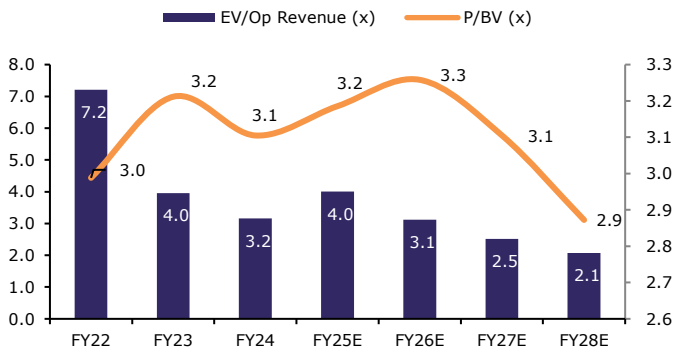
Source: Company, Emkay Research

Exhibit 19: ... and thus improve overall return ratios



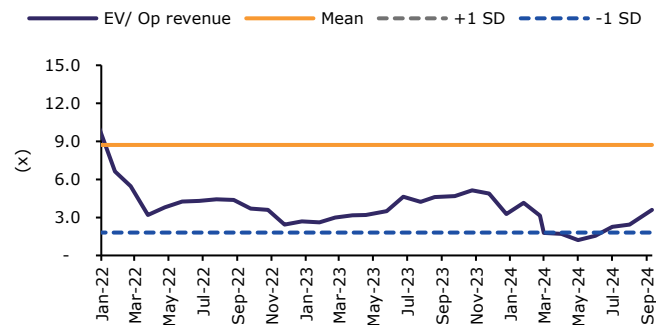
Source: Company, Emkay Research

Exhibit 20: Paytm has been trading at relatively cheaper valuation...



Source: Company, Emkay Research

Exhibit 21: ...and is currently trading at 3.6x 1Y-forward EV/Operating revenue



Source: Company, Emkay Research

Exhibit 22: Peer Comparison – FY24

Particulars	Paytm	PhonePe	Mobikwik
TPV (Rs trn)	18.3	103.4	na
TPV growth	39%	45%	na
Operating income (Rs bn)	99.8	50.6	8.8
Employee expenses (as a % of revenue)	46%	71%	13%
Employee expenses excl. ESOP (as a % of revenue)	31%	28%	13%
Marketing expenses (as a % of revenue)	13%	14%	13%
Operating EBITDA (ex-ESOP) (Rs bn)	5.6	6.5	0.3
Operating EBITDA (ex-ESOP) margin	6%	13%	3%
EBITDA (ex-ESOP) (Rs bn)	11.1	13.1	0.4
EBITDA (ex-ESOP) margin	11%	26%	5%
Overall EBITDA (Rs bn)	(3.6)	(8.8)	0.4
Overall EBITDA margin	-3%	-17%	4%
PAT (Rs bn)	(14.2)	(20)	0.1
PAT margin	-14%	-39%	2%
RoA	-8%	-16%	2%
RoE	-11%	-24%	9%
No. of Total Merchants (nos. in cr.)	4.1	4	0.4
No. of device merchants (nos. in cr.)	1	0.6	na
No. of registered customers (nos. in cr.)	Na	56	15.6
MTU (nos. in cr.)	7.8	21	na

Source: Emkay Research; Note: PhonePe's TPV includes P2P GMV as well, whereas for Paytm it represents P2M TPV only

Exhibit 23: Comparison of depreciation policy – Paytm vs PhonePe

Assets	Useful life (Years)	
	Paytm	PhonePe
Servers and networking equipment	6	5
Electronic data capture machines	-	3
Laptops and Desktops	3	3
Office equipment	5	-
Furniture and fittings	10	-
Vehicles	8	-
P&M		
- EDC/POS machines	3	-
- Soundbox	2	1.5
Others	-	5
Method of depreciation	WDV (except P&M)	Straight line method

Source: Emkay Research

Exhibit 24: Key highlights from the Annual Report

Industry outlook

- Indian digital transactions have surpassed Rs3,200trn and shall touch Rs4,000trn by FY26.
- The company believes non-cash payments still remain under-penetrated in India, when compared to other countries. Value of card transactions and UPI (PTM only) were only ~25% of GDP in FY24, and are expected to grow multifold in the coming years.
- Indian digi-lending market is expected to grow to ~Rs43trn by FY30.
- Indian WealthTech market will grow to Rs20trn by FY30, with insurance expected to reach ~Rs7trn.

Key changes in the business model during the year

- Transition of UPI model as a Third Party Application Provider (TPAP) under multi-bank model, given the embargo on Paytm Payments Bank.
- Pausing Paytm Postpaid (BNPL) and small-ticket PL (<Rs50k), given rising asset quality noise and partner-side concerns.
- Shift to distribution-only model from earlier distribution + collection model in personal loan.

Independent Director's remuneration

- 2 Independent Directors were paid a total remuneration of ~Rs21mn each, and the other 2 were paid ~Rs17mn each, which was unusually high from the general industry trends.
- However, based on the benchmarking done by the company considering companies with good governance practices and companies in similar sector/business/market capitalization, the Board has now capped the total remuneration of each independent Director to Rs4.8mn each.

Source: Emkay Research

Exhibit 25: We believe Bhavesh Gupta's exit was a major blow to the lending business, but Paytm has decided to refill the position soon

Date	Key Personnel	Last held position	Description
23-Mar-24	Praveen Sharma	SVP-Business	Decided to pursue other opportunities and hence resigned wef 31-Mar-24.
9-Apr-24	Surinder Chawla	CEO - Paytm Payments Bank	Resigned citing personal reasons and that he wants to pursue better career prospects. His last working day was 26-Jun-24.
Apr-24	Sumit Mathur	Chief Marketing Officer	Resigned to join Glanbia Performance Nutrition as its country head in India and South Asia.
4-May-24	Bhavesh Gupta	President and COO	Resigned due to personal reasons and was relieved wef 31-May-24. However, he claims to support the organization in his capacity as an Advisor in the CEO office.
7-May-24	Ajay Vikram Singh	Chief Business Officer - UPI and User Growth	Resigned on 7-May-24.

Source: Emkay Research; Note: Paytm has now largely distanced itself from Paytm Payments Bank, writing off its investment; Paytm Payments Bank (PPBL) has hired new CEO, Arun Bansal (ex-IDBI Bank executive); Vijay Shekhar Sharma still has a 51% stake in PPBL

Exhibit 26: Revision in Estimates

Particulars (Rs mn)	FY25E			FY26E			FY27E			FY28E		
	Earlier	Revised	% change	Earlier	Revised	% change	Earlier	Revised	% change	Earlier	Revised	% change
Operating income	80,077	76,837	(4)	97,157	97,917	1	114,582	118,961	4	131,866	139,083	5
Non-Operating income	5,965	5,636	(6)	5,374	5,730	7	5,109	5,713	12	4,881	5,739	18
Total Income	86,042	82,473	(4)	102,531	103,647	1	119,691	124,675	4	136,747	124,701	(9)
Total Opex	99,329	90,949	(8)	106,257	98,849	(7)	116,695	110,722	(5)	129,131	126,475	(2)
Operating EBITDA (ex-ESOP)	(8,641)	(3,502)	(59)	(3,241)	4,928	(252)	379	10,729	2,732	5,306	15,835	198
EBITDA (ex-ESOP)	(2,676)	2,134	(180)	2,133	10,658	400	5,488	16,442	200	10,843	21,575	99
Overall EBITDA	(13,286)	(8,476)	(36)	(3,727)	4,798	(229)	2,998	13,952	365	7,616	18,347	141
Non-recurring items*	-	13,000	100	-	-	-	-	-	-	-	-	-
PAT	(20,926)	(3,199)	(85)	(11,045)	(2,911)	(74)	(4,368)	6,263	(243)	124	10,814	8,621

Source: Emkay Research; Note: *Non-recurring items represent gain on sale of entertainment business

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One 97 Communications: Consolidated Financials and Valuations

Exhibit 27: Income Statement

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Payment revenue (P2M + P2C)	49,300	62,351	49,759	63,088	76,238	88,497
Commerce, Cloud, Other fees	15,199	17,387	12,505	13,887	16,307	17,672
Payment + Marketing Revenue	64,499	79,738	62,265	76,974	92,545	106,168
Growth (%)	61.9	23.6	(21.9)	23.6	20.2	14.7
Financial Services & other op. revenue	15,404	20,040	14,572	20,943	26,416	32,915
Total Operating Revenue	79,903	99,778	76,837	97,917	118,961	139,083
Operating expenses	(96,218)	(108,846)	(90,949)	(98,849)	(110,722)	(126,475)
- Payment gateway cost	(29,577)	(32,804)	(25,718)	(31,995)	(38,392)	(43,508)
- Marketing & promotional exp.	(8,554)	(9,220)	(10,215)	(12,556)	(13,979)	(16,058)
Operating EBITDA	(16,315)	(9,068)	(14,112)	(932)	8,239	12,608
- Depreciation	(4,853)	(7,357)	(7,214)	(7,270)	(7,276)	(7,114)
Operating EBIT	(21,168)	(16,425)	(21,326)	(8,202)	963	5,494
- Non Operating Revenue	4,097	5,469	5,636	5,730	5,713	5,739
- Finance Cost	(233)	(243)	(180)	(189)	(198)	(208)
PBT	(17,304)	(11,199)	(15,870)	(2,661)	6,478	11,025
Non-recurring items	-	(2,328)	13,000	-	-	-
Pre-tax profit (after non-recurring items)	(17,304)	(13,527)	(2,870)	(2,661)	6,478	11,025
Tax (current + deferred)	(336)	(320)	(29)	-	(65)	(110)
Tax rate (%)	1.9	2.4	1.0	-	(1.0)	(1.0)
Net profit	(17,640)	(13,847)	(2,899)	(2,661)	6,413	10,914
Growth (%)	44.4	(21.5)	(79.1)	(8.2)	(341.0)	70.2
Share of JV/Associates	(125)	(377)	(300)	(250)	(150)	(100)
Net income	(17,765)	(14,224)	(3,199)	(2,911)	6,263	10,814

Source: Emkay Research

Exhibit 28: Balance Sheet

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Cash & Cash Equivalents	81,601	75,802	91,600	94,352	101,184	113,881
Current & Non-current investments	15,765	22,943	14,796	14,056	13,353	12,018
Loans	1,564	1,731	2,077	2,493	2,991	3,589
Fixed assets (Net block)	12,202	12,609	15,226	19,434	24,574	30,000
Other assets	68,526	58,306	62,382	66,778	71,521	76,641
Total assets	179,658	171,391	186,081	197,113	213,622	236,130
Trade Payables & other ST liabilities	41,115	29,335	33,578	38,442	42,739	47,533
Borrowings	20	-	-	-	-	-
Other liabilities and provisions	8,367	8,790	22,436	31,515	37,465	44,364
Share capital	634	636	636	636	636	636
Reserves & surplus	129,522	132,630	129,431	126,520	132,783	143,597
Shareholders' funds	130,156	133,266	130,067	127,156	133,419	144,233
Total equity & liabilities	179,658	171,391	186,081	197,113	213,622	236,130

Source: Emkay Research

Exhibit 29: Cash flow statement

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E
PBT	(17,304)	(11,199)	(15,870)	(2,661)	6,478	11,025
Others (non-cash items)	(571)	7,742	11,972	7,629	13,681	18,941
Taxes Paid	1,762	1,085	29	-	65	110
Change in NWC	6,489	(149)	1,232	1,540	632	760
Operating Cash Flow	4,156	6,508	13,176	9,169	14,248	19,591
Investing Cash Flow	26,255	3,180	(13,076)	(7,613)	(11,375)	(16,570)
Financing Cash Flow	(11,123)	(220)	(180)	(189)	(198)	(208)
Net Change in Cash	19,288	9,468	(81)	1,367	2,675	2,812

Source: Emkay Research

Exhibit 30: Key Valuation ratios

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E
EPS (Rs)	(27.8)	(21.8)	(4.6)	(4.2)	10.1	17.2
BVPS (Rs)	202.9	209.9	204.5	200.0	209.8	226.9
EBITDA per share (Rs)	(19.3)	(5.7)	(13.3)	7.5	21.9	28.9
Op. Revenue per share (Rs)	126.0	156.9	120.9	154.0	187.1	218.8
PER (x)	(23.4)	(29.9)	(142.9)	(155.7)	64.6	38.0
P/B (x)	3.2	3.1	3.2	3.3	3.1	2.9
P/EBITDA (x)	(33.8)	(115.1)	(48.9)	86.3	29.7	22.6
P/Op. Revenue (x)	5.2	4.2	5.4	4.2	3.5	3.0
EV/EBITDA (x)	(25.8)	(87.7)	(36.3)	63.8	21.5	15.7
EV/Op Revenue (x)	4.0	3.2	4.0	3.1	2.5	2.1
EV/Networth (x)	2.5	2.4	2.4	2.4	2.2	2.0

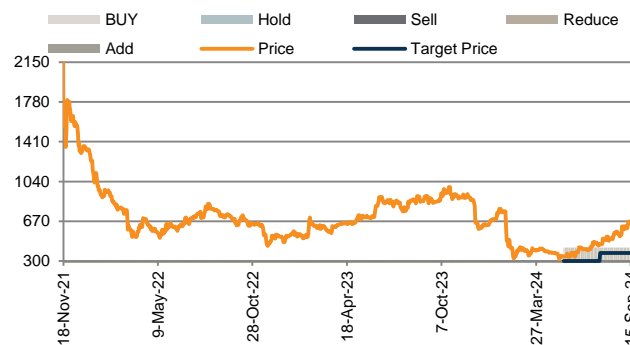
Source: Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
22-Aug-24	554	375	Reduce	Anand Dama
21-Jul-24	459	375	Reduce	Anand Dama
18-Jun-24	417	300	Reduce	Anand Dama
23-May-24	356	300	Reduce	Anand Dama
16-May-24	343	300	Reduce	Anand Dama

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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