

One97 Communications Ltd.

Foundation of Finance

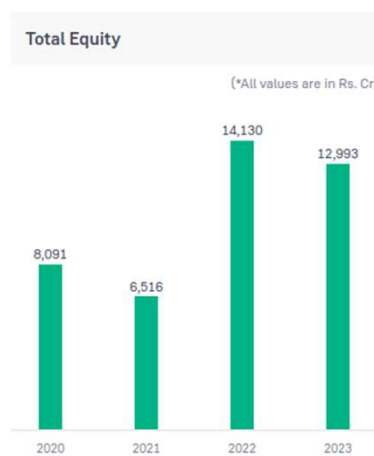
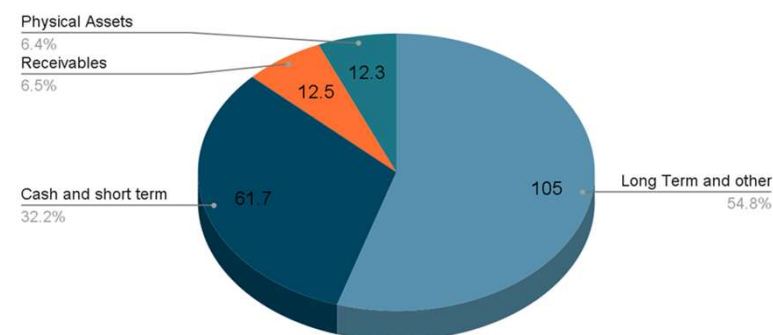
1. Sumit Prajapati (B20CSE074)
2. Nikhil Gangwar(B20ME049)
3. Nilesh (B20ME050)
4. Pankaj Sablania (B20ME054)
5. Aman Patel (B20ME055)

Data Collection

Balance sheet

- Consolidated financial statements
- increase in Total Current Assets from 10,745.00 Cr. to 13,989.10 Cr
- Total Non-Current assets have decreased significantly.
- Shareholder equity is ₹ 130.3 bn
- Total Assets is ₹191.5B
- Total Liabilities 61.2B out of which 57.12B short term & 4.12B long term liabilities
- Decrease in equity
- Despite fluctuations the Total Capital And Liabilities have remained relatively stable, with a slight decrease from Rs. 17,991.60 Cr. to Rs. 17,965.80 Cr.

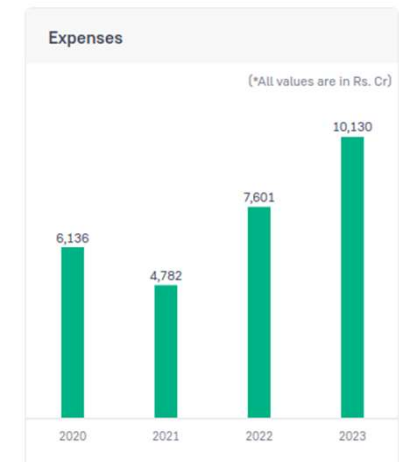
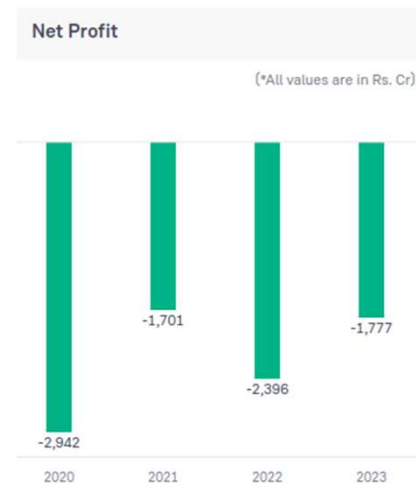
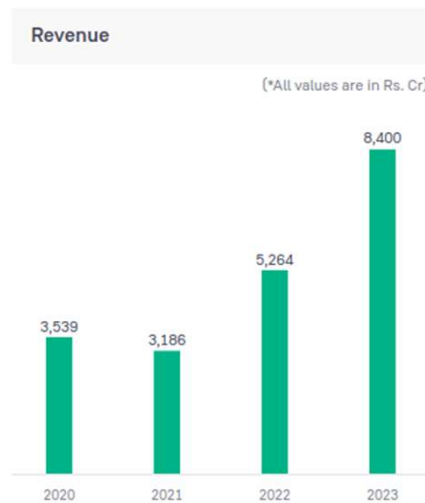
Assets Distribution (in bn ₹)



Data Collection

Income Statement

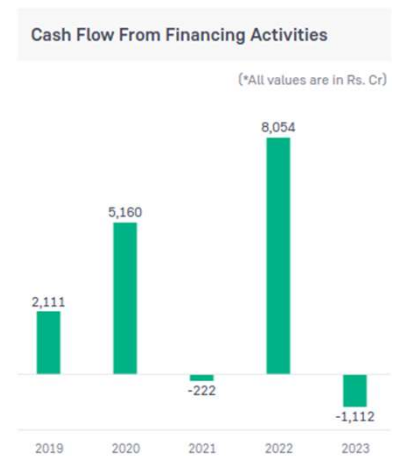
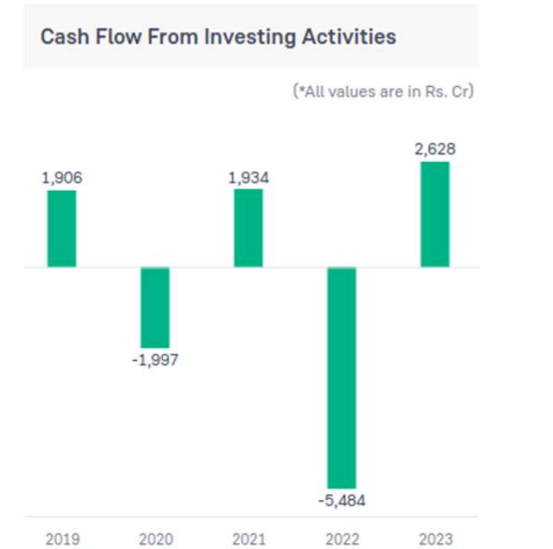
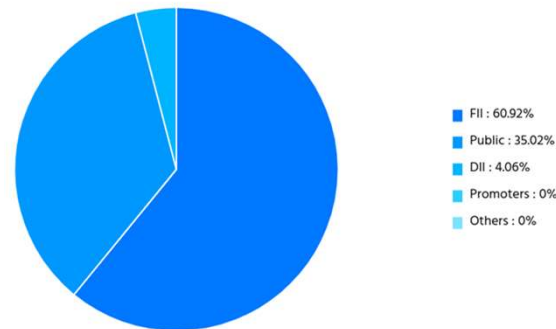
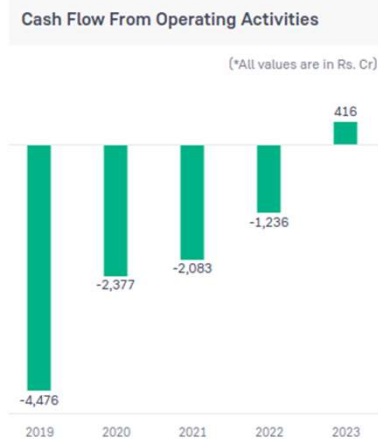
- The revenue has increased; however, expenses have also risen significantly compared to the company's revenue.
- Although the company is still at a loss compared to the previous year, there is an improvement in the Earnings Per Share (EPS) value, indicating positive growth potential.



Data Collection

Cash Flow Analysis

- Increase in cash flow from operating activities. First time profit in last 5 years.
- company raised 5,488.60 Cr. Rupees last year, while this year, it generated funds by selling assets worth 2,625.50 Cr.
- Paytm raised 8,053.50 Cr. in the previous year and paid off 1,112.30 Cr. this year.
- Cash and cash equivalents have substantially increased compared to last year.



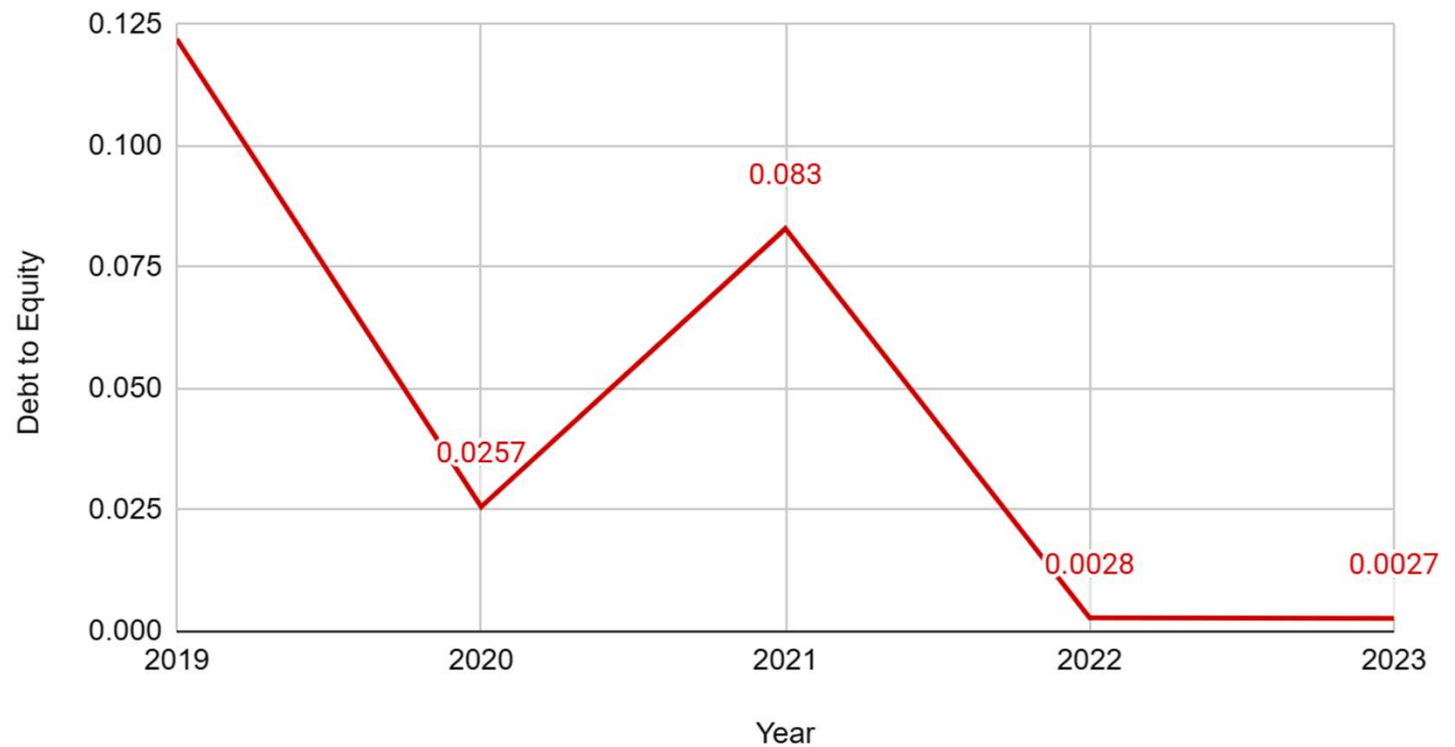
Capital Mix Analysis

Total Debt

Total Shareholders
Equity

conservative approach to financing

Debt to Equity Ratio



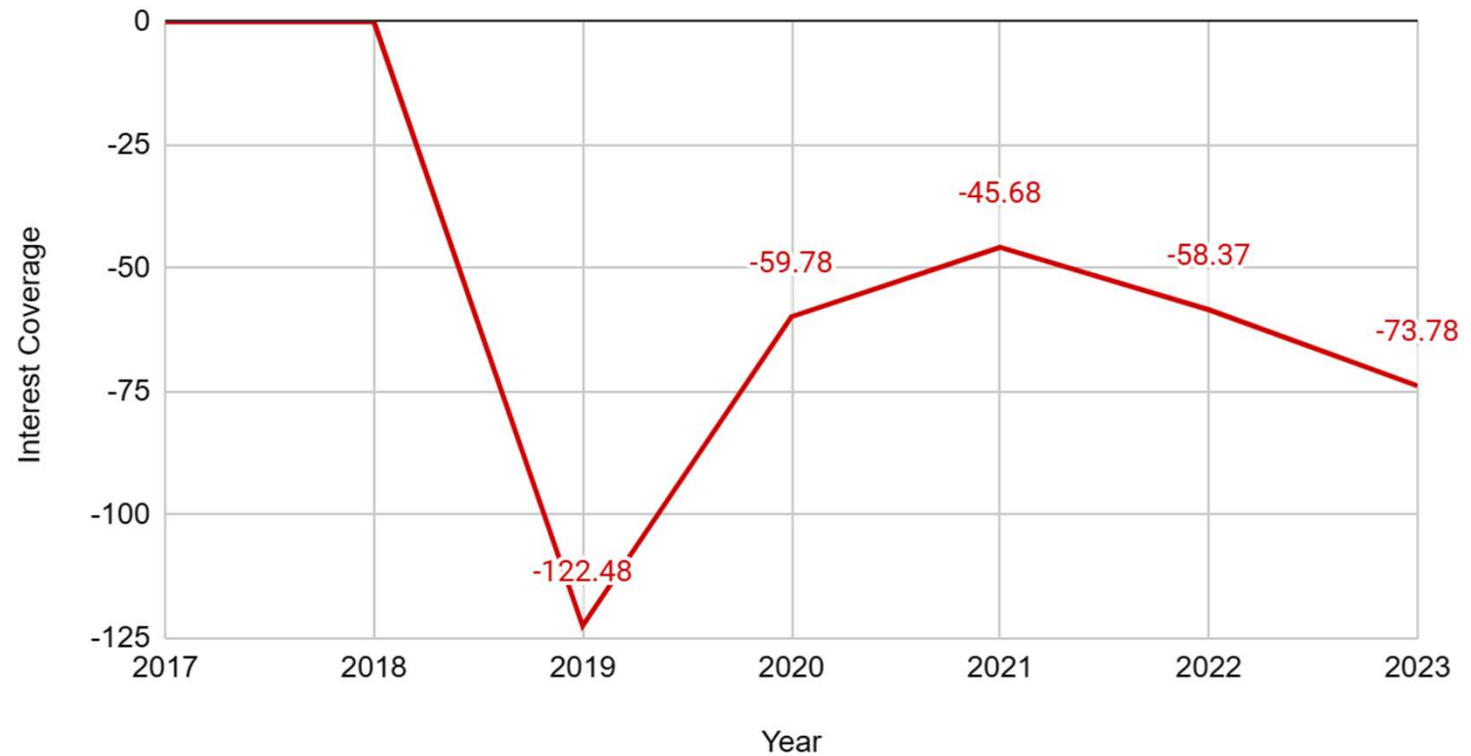
Source: topstockresearch.com

Capital Mix Analysis

$$\frac{\text{EBIT}}{\text{Interest Expense}}$$

improving gradually

Interest Coverage Ratio



Source: [topstockresearch.com](https://www.topstockresearch.com)

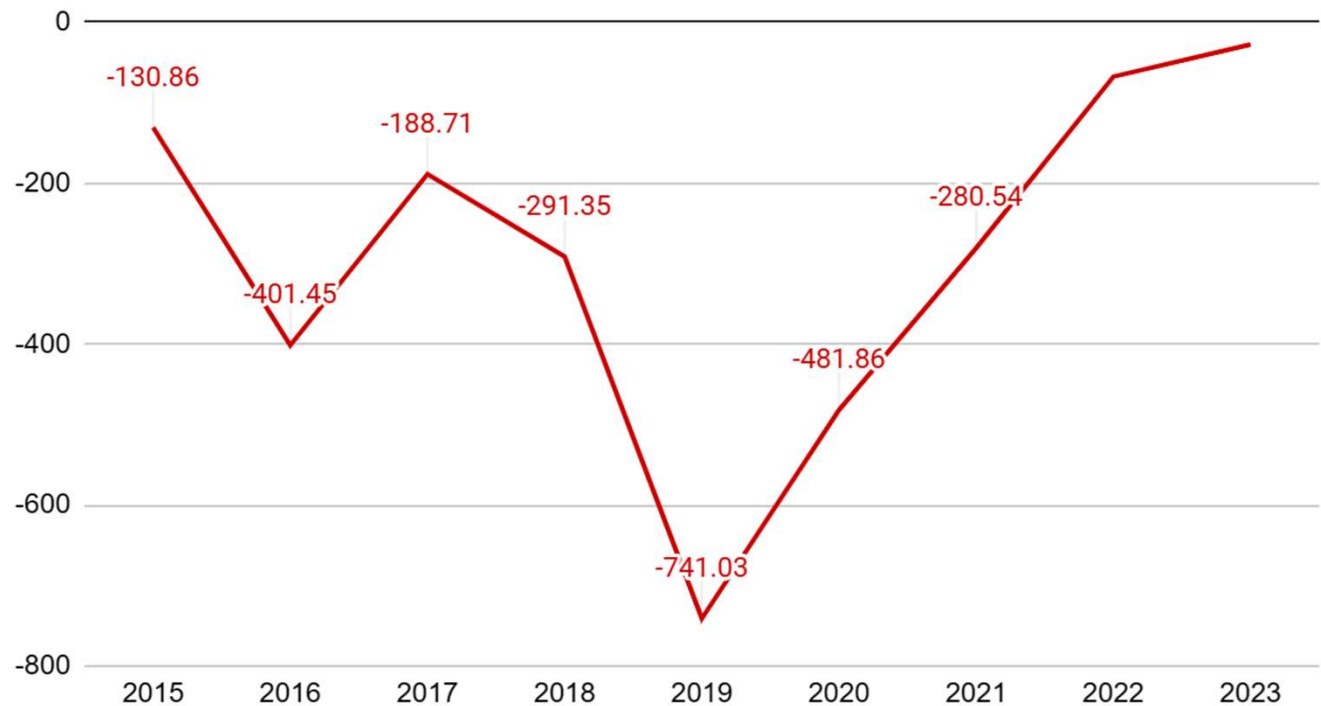
Capital Mix Analysis

Net Income - Dividend

Number of Shares

mix of profitable and
unprofitable periods

Earnings Per Share (EPS)



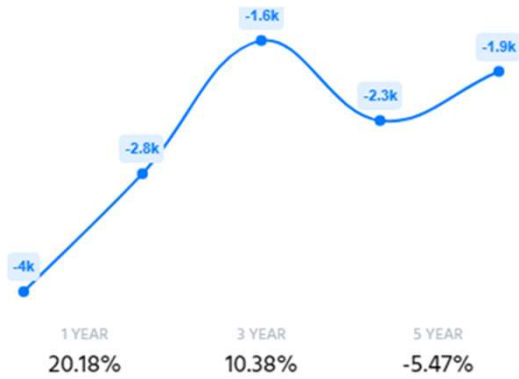
Source: tickertape.in

Industry Benchmarking

- Industry benchmarking is a process in which a company evaluates its performance, practices, and strategies by comparing them to those of its competitors or industry peers.
- The goal is to identify areas of improvement, best practices, and opportunities for innovation.
- This comparative analysis helps companies understand where they stand in relation to others in the industry and can inform strategic decision-making.

| Peer Comparison | | | | | | | | | |
|----------------------|-------------|------------|------|--------|-----------|---------|----------|--------|------------|
| Company | Price (Rs.) | MCAP (Cr.) | P/B | P/E | EPS (Rs.) | ROE (%) | ROCE (%) | P/S | EV/ EBITDA |
| Paytm | 919.1 | 58,331.63 | 4.7 | 0 | -20.41 | -16.36 | -14.11 | 9.69 | -88.17 |
| PB Fintech | 764.65 | 34,418.15 | 4.54 | 674.89 | 1.13 | -1.14 | -1.03 | 256.57 | 614.68 |
| Infibeam Avenues | 22.1 | 6,140.21 | 1.98 | 47.63 | 0.46 | 4.9 | 6.43 | 3.44 | 25.19 |
| Zaggle Prepaid Ocean | 252.85 | 3,087.22 | 5.81 | 134.81 | 1.88 | 148.8 | 37.32 | 5.58 | 64.96 |
| MOS Utility | 98 | 244.37 | 3.23 | 43.02 | 2.28 | 31.97 | 31.09 | 2.3 | 23.03 |
| Suvidhaa Infoserve | 5.3 | 109.95 | 0.88 | 0 | -0.18 | -0.59 | -0.28 | 3.96 | 10.24 |

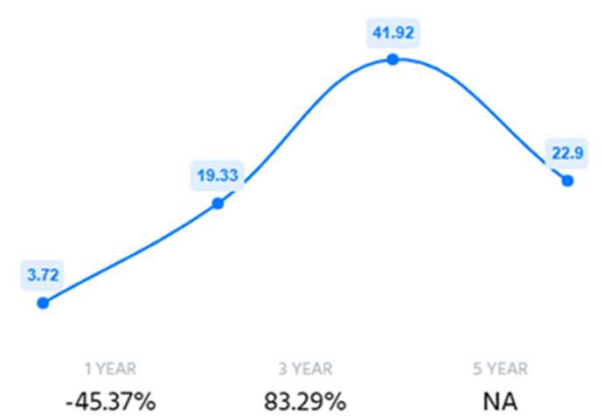
One97 Communications Ltd.(PAYTM)
Profit Growth ⓘ



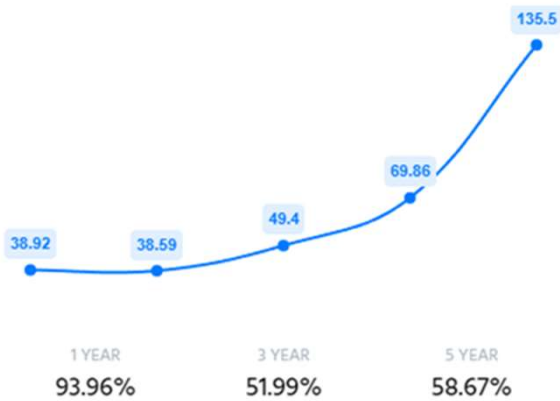
PB Fintech Ltd.(PolicyBazar)
Profit Growth ⓘ



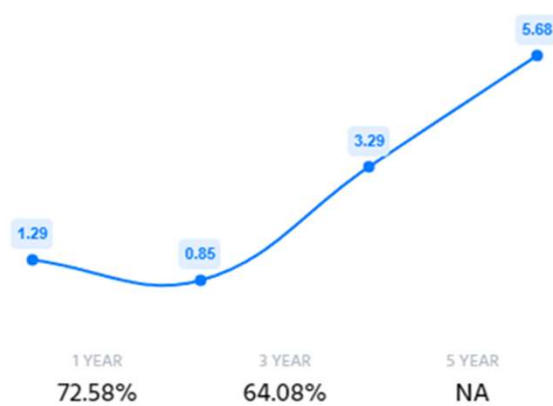
Zaggle Prepaid Ocean Services Ltd.
Profit Growth ⓘ



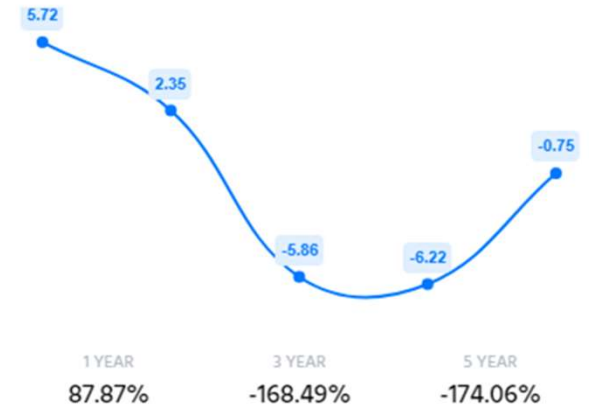
Infibeam Avenues Ltd.
Profit Growth ⓘ



MOS Utility Ltd.
Profit Growth ⓘ



Suvidhaa Infoserve Ltd.
Profit Growth ⓘ



Risk Assessment

Companies that manage a large amount of online transactions are subject to more payment related risks. The most common types of payment risks one could face include **credit risk, fraud risk, or account takeovers**.

- **Financial Risk:** - Paytm is a debt free company. In FY 2023, Paytm revenue surged 51% YoY to ₹2,334 Cr. As of FY 2023, their registered merchant base stands at 3.35 crore, growing 25% YoY. As of April 2023, 71 lakh merchants pay subscriptions for our payment devices like Paytm Soundbox and POS machines.

Sources: [Paytm/blog/sound-box-idea](https://paytm.com/blog/sound-box-idea)
[Paytm/blog/financial-risk](https://paytm.com/blog/financial-risk)

Risk Assessment

- **Operational risk:** - It refers to the possibility of incurring financial losses due to internal procedures, mechanisms, or external occurrences. It encompasses the hazards linked to operational failures, human mistakes, technological malfunctions, or unanticipated occurrences.

Eg: - After demonetization due to surge in online payments, fraudulent activities increased causing several concerns. The introduction of the Paytm Soundbox was innovative idea to overcome the problem.

Investment Attractiveness

- **Innovation and technology**

- As of August 2022, Paytm had deployed 30,00,000 Soundbox devices, compared to BharatPe's 3,00,000 and PhonePe's 1,00,000. This highlights Paytm's ability to identify and address merchant pain points and underscores its commitment to providing a seamless and convenient experience for all its users

- **Customer Base**

- Today, more than 20 Million merchants & businesses are powered by Paytm to Accept Payments digitally. This is because more than 300 million Indians use Paytm to Pay at their stores. And that's not all, Paytm App is used to Pay bills, do Recharges, Send money to friends & family, Book movies & travel tickets.

- **p/e ratio**

- 2021 → -39.9
- 2022 → -14.8

- **Revenue and profitability**

- payments revenue increased 28% YoY to ₹1,523 Cr, while payments profitability improved with net payment margin expanding 60% YoY to ₹707 Cr.

Recommendation

- Reduce its operational risk by improving its processes, policies, and systems. This can be achieved by investing in new technologies, hiring more skilled employees, or outsourcing certain functions.
- Paytm can reduce its market risk by diversifying its revenue streams and expanding into new markets.
- Paytm should reevaluate its financial strategy, focusing on strengthening liabilities over equities to address challenges like volatility and limited financial flexibility. Strategic emphasis on liabilities aims to enhance financial stability, reduce market exposure, and ensure long-term sustainability, fostering investor confidence and bolstering control over the capital structure.
- Cash flow of investment for property, plant, and intangible assets is less for Paytm (7000 Crores) compared to its other investments. Thus it should invest more in its own firm.

Thank You

References: <https://paytm.com/blog>
