



ONE 97 COMMUNICATIONS LTD



IPO NOTE

SUBSCRIBE FOR LISTING GAINS

KEY INFORMATION

IPO DETAILS	
Price Band	Rs 2080 to Rs 2150
Issue Size	Rs 18,300Cr
Face Value	Rs 1 per share
Market Lot	6 Shares
Listing At	NSE , BSE
Investment Range	Rs 12,480 to Rs 12,900

IPO DATES	
IPO Opens	Nov 8, 2021
IPO Closes	Nov 10, 2021
Basis of Allotment Date	Nov 15, 2021
Refund Initiation	Nov 16, 2021
Shares Credit	Nov 17, 2021
IPO Listing Date	Nov 18, 2021

QUOTA	
QIB	75%
NIB	15%
Retail	10%

Share Holding Pattern	Pre-IPO	Post-IPO
Promoters & P. Group	0.00%	0.00
Public (Founder & inv.)	69.97%	58.69%
Public (Others)	30.04%	41.31%
Total	100%	100%

OFFER DETAILS

IPO SIZE	Rs 18,300 Cr	100%
Fresh Issue	Rs 8,300 Cr	45%
OFS	Rs 10,000 Cr	55%

IPO OBJECTIVE

1. Growing and strengthening Paytm ecosystem, including through acquisition and retention of consumers and merchants and providing them with greater access to technology and financial services(Rs 4,300 Cr).
2. Investing in new Business initiatives, acquisitions and strategic partnerships. (Rs 2,000 Cr).
3. General Corporate Purposes.

RECOMMENDATION

- Company's implied market Capitalization is at Rs 1,39,379Cr. (Upper price band) which brings PS (x) of 49.75 FY21.
- We believe the IPO is Fully priced. Company Operates in growing Financial services Sectors with Multiple revenue streams through fully digital approach to cater the growth. Hence we assign Subscribe to the IPO and Investors may consider IPO for Listings gains only.

ONE 97 COMMUNICATION LTD_ PROFILE



- One97 Communications Limited (“Paytm”) was incorporated on December 22, 2000. The company is India’s leading digital ecosystem for consumers and merchants. Paytm offers ‘Payment Services’, ‘Commerce and Cloud Services’, and ‘Financial Services’ to 33.3 crore consumers and over 2.18 crore merchants registered with them, as of June 30, 2021. Their 2-sided (consumer and merchant) ecosystem enables commerce, and provides access to financial services, by leveraging technology to improve the lives of their consumers and help their merchants grow their businesses
- Paytm is available across the country with “Paytm karo” (i.e. “use Paytm”) evolving into a verb for hundreds of millions of Indian consumers, shopkeepers, merchants and small businesses.
- They have created a payments-led super-app, through which they offer their consumers innovative and intuitive digital products and services. They offer their consumers a wide selection of payment options on the Paytm app, which includes:
 - Paytm Payment Instruments, which allow them to use digital wallets, sub-wallets, bank accounts, buy-now-pay-later and wealth management accounts;
 - and
 - Major third-party instruments, such as Debit and Credit Cards and Net Banking.

KEY HIGHLIGHTS

- Paytm serves through multiple financial services to customers.

COMPANY PROFILE

- Paytm is the only payments company in India that, together with their affiliates, owns each layer of the payment stack. It offer services such as Paytm Wallet, Paytm QR, Paytm Soundbox, Gold investments and Fixed Deposit, Paytm Postpaid, Merchant Cash Advance and FASTag.

KEY HIGHLIGHTS

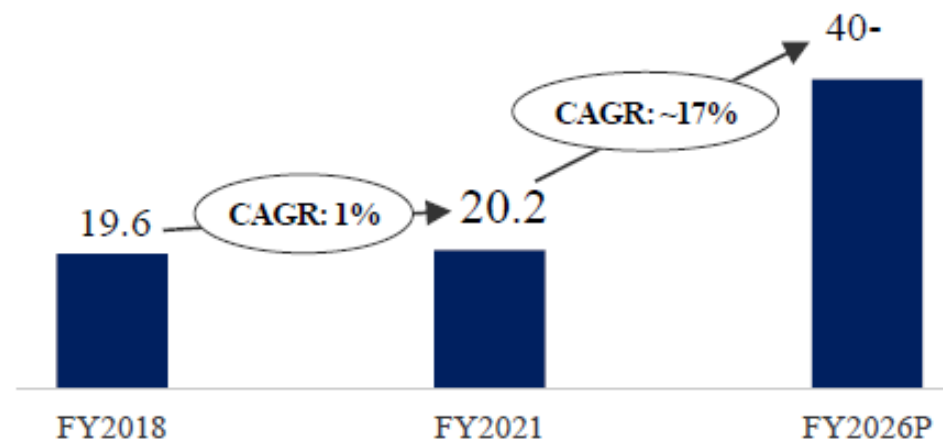
- Digital Payments are expected to grow at 17% CAGR.
- Demonetization boosted company to penetrate its brand.

SECTORAL OUTLOOK

- Digital payments have been growing steadily over time, however India continues to be cash driven economy. In FY 2021, digital payments market size by value stood at approximately US\$ 20 trillion with 43 billion transactions during the year.
- Mobile payments, which includes mobile wallet and UPI. As unique mobile payment users increase from 252 million in FY 2021 to 650-700 million in FY 2026, mobile payments expected to increase by 5x crossing 100 billion payments in volume.

Total digital payments by value

US\$ trillion



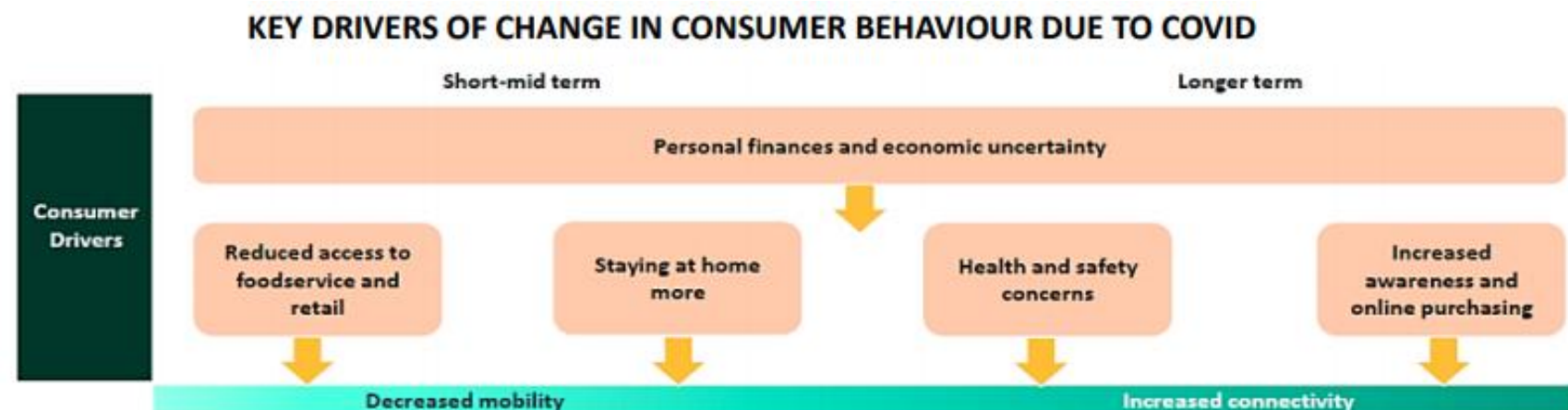
KEY HIGHLIGHTS

- Indian Food Market Stood at Rs 8366 Bn in 2020.

SECTORAL OUTLOOK

• The Indian food services profit sector generated a total revenue of ₹8,366.6 billion (US\$117.5 billion) in 2020, growing at a CAGR of 1.9% from ₹7,601.4 billion (US\$118.5 billion) in 2015. Growth was mainly driven by the rise in the number of transactions, which grew at a CAGR of 2.4%, during the same period. Increased deliveries, a higher demand for eating out, played a significant role in the growth of transactions, especially in 2020, due to COVID-19.

• Historically, the QSR channel recorded the fastest growth among all foodservice channels, at a CAGR of 5.5% from 2015 to 2020. Their ability to provide affordable meals, with a quick service time, helped them register significant growth during this period. Global chains, such as KFC, McDonald's, and Burger King, have invested in expanding their presence in the market.

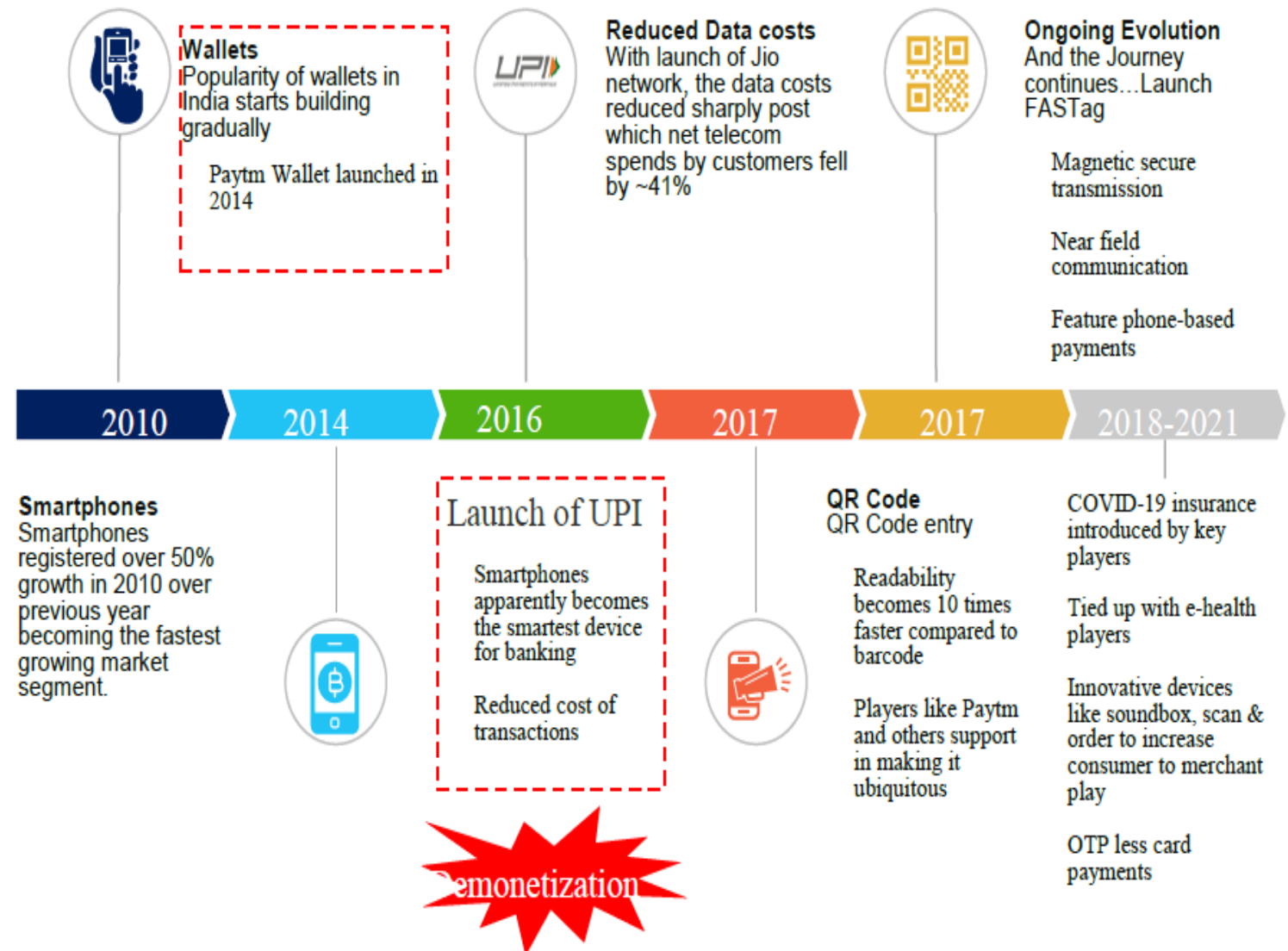


KEY HIGHLIGHTS

- India has one of the largest Digital Transactions (by Value) in World.
- Mobile payment system evolved to a fast and quick systems

SECTORAL OUTLOOK

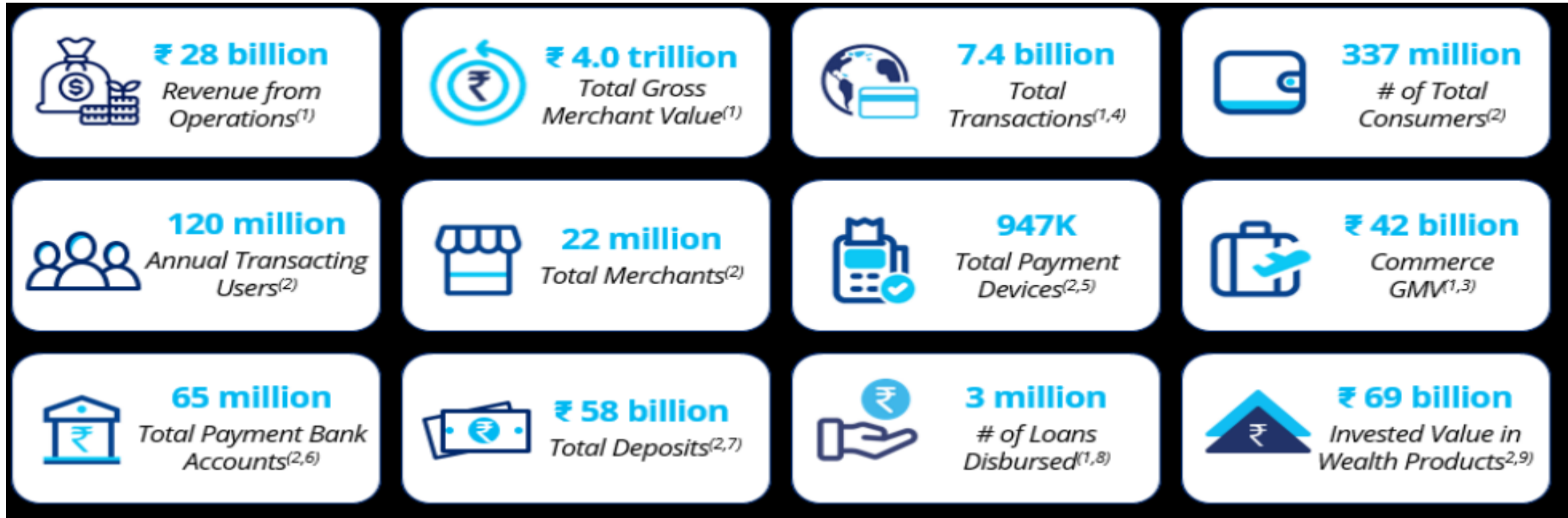
Evolution of mobile payment landscape in India



KEY MANAGEMENT

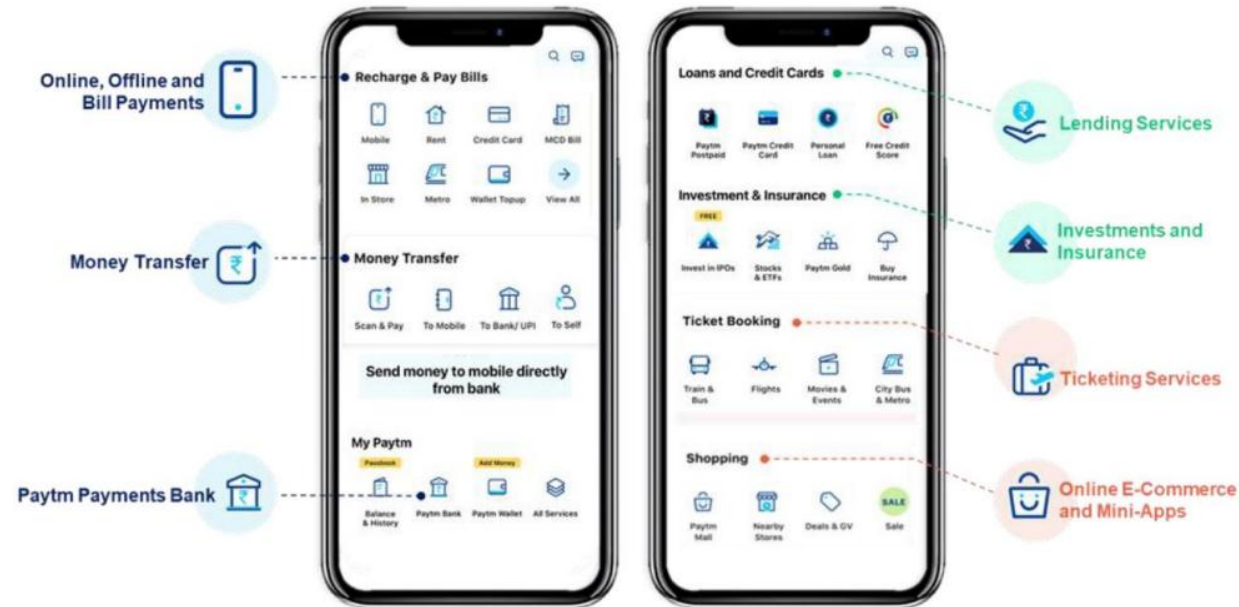
Key management	Position	Profile
Vijay Shekar Sharma	MD & CEO	He oversees the Company's key strategic efforts including engineering, design and marketing.
Munish Varma	Non –Executive Director	He currently serves as a managing partner at SoftBank Investment Advisers. He was also associated with Deutsche Bank AG.
Ravi Chandra Adusumalli	Non-Executive Director	He is currently the managing partner of Elevation Capita.
Douglas Feagin	Non-Executive Director	He was previously associated as a managing director in the investment banking division of the Goldman Sachs Group, Inc. He currently serves as senior vice president of the Ant group.
Madhur Deora	CFO	He has been associated with the company since October 3, 2016.

PAYTM'S OPERATIONAL METRICS



- Paytm has 33.7 Cr. Consumers (as of June 30, 2021) which represents 24% of India's Populations.
- Diversified Products to cater all need of consumers under one super app.
- Company has also associated with 2.2 cr merchants for its mobile UPI payments systems
- One 97 has Rs 5800 cr. Worth Deposits (inclusive of Savings, Current acc, Wallets Etc) as of June 30, 2021
- more than its deposits, Paytm has achieved Rs. 6900 cr Invested value for its wealth products, Suggest strong demand for its Wealth management products.

MULTIPLE SERVICES UNDER ONE SUPER APPLICATION



- Paytm Super App is a cornerstone of offerings. As per RedSeer, Paytm has the widest selection of payments, commerce and financial services on its app.
- Through its app, consumers can manage multiple aspects of daily life. It enables consumers to make payments through the Paytm App using major third-party instruments and Paytm Payment Instruments. Consumers can make online recharges, bill payments, money transfers and pay in-store merchants using the Paytm super App.

REVENUE BREAKUP BY SERVICES

Business Verticals	2021		2020		2019	
	Revenue (Rs Cr)	% of Total	Revenue (Rs Cr)	% of Total	Revenue (Rs Cr)	% of Total
Payments Services to Consumers	969.2	35%	1012	31%	1085.1	34%
Payments Services to Marchants	1011.6	36%	765.8	23%	486	15%
Others (Including Financial Services)	128.4	5%	129	4%	124.4	4%
Total Payments & Services (A)	2109.2	75%	1906.8	58%	1695.5	52%
Commerce And Cloud						
Commerce	245.2	9%	710.9	22%	1191.5	37%
Cloud	448	16%	407.9	12%	345	11%
Total Commerce & Cloud (B)	693.2	25%	1118.8	34%	1536.5	48%
Other Operating Revenue (C)			255.2			
Total revenue (A+B+C)	2802.4	100%	3280.8	100%	3232	100%

PROFIT AND LOSS STATEMENT (Rs Cr)

Financial Statements	FY 19	FY 20	FY 21	Q1 FY21	Q1 FY22
Share Capital	57.5	60.4	60.5	60.4	60.5
Net Worth	5811.1	8091.2	6516.2	7814	6245.5
Long term Borrowings	0	0	0	0	0
Other Long Term Liabilities	233.8	545.9	479.9	643.3	476
Short-term borrowings	696.2	208.7	544.9	253.4	476
Other Current Liabilities	2025.7	1457.3	1610.3	1567	2260.9
Fixed Assets	896.7	608.2	514.9	531.3	530.4
Non Current Assets	2018.2	3259.2	1236.6	3537	1512.9
Current Assets	6670.9	6435.7	7399.8	6209.4	7415.7
Total Assets	8766.8	10303.1	9151.3	10277.7	9459
Revenue from Operations	3232	3280.8	2802.4	551.2	890.8
Revenue Growth (%)		1.5	-14.6		61.6
EBITDA	-4366	-2634.4	-1767	-331.6	-370.9
EBITDA Margin (%)	-135	-80.3	-63.1	-60.2	-41.6
Net Profit	-4225	-2942.4	-1701	-284.4	-381.9
Net Profit Margin (%)	-130	-89.7	-60.7	-51.6	-42.9
Return on Networth (%)	-73	-35.1	-26	-3.6	-6.1
Net Asset Value per Share (Rs.)	100	135	108	130	104

VALUATIONS

- There are no listed players for identical Business Model of ONE 97. Hence peer Comparison is not provided.
- Company's implied market Capitalization is at Rs 1,39,379 Cr. (Upper price band) which brings PS (x) of 49.75 FY21.
- For loss making startups, Price to Sales is generally accepted metrics for valuation, We believe the IPO is Fully priced. Company Operates in growing Financial services Sectors with Multiple revenue streams to cater the growth. Hence we assign Subscribe and Investors may consider IPO for Listings gains only.

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