

ONE97 COMMUNICATIONS LIMITED

Issue highlights

- ❑ **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.
- ❑ The company launched Paytm in 2009, as a “**mobile-first**” digital payments platform to enable cashless payments for Indians, giving them the power to make payments from their mobile phones. Starting with bill payments and mobile top-ups as the first use cases, and Paytm Wallet as the first Paytm Payment Instrument, they have built the largest payments platform in India based on the number of consumers, number of merchants, number of transactions and revenue as of March 31, 2021.
- ❑ 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.
- ❑ The “Paytm” brand is India's most valuable payments brand, with a brand value of US\$ 6.3 billion, and Paytm remains the easiest way to transact across multiple methods.
- ❑ 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.
- ❑ 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.

Brief Financial Details*

(₹ In Cr)

	As at Jun' 30,		As at Mar' 31,		
	2021(03)	2020(03)	2021(12)	2020(12)	2019(12)
Equity Share Capital	60.5	60.4	60.5	60.4	57.5
Reserves	6,205.3	7,770.1	6,474.3	8,044.8	5,667.4
Net worth as stated	6,265.8	7,830.5	6,534.8	8,105.2	5,724.9
Revenue from Operations	890.8	551.2	2,802.4	3,280.8	3,232.0
Revenue Growth (%)	61.61%	-	(14.58)%	(1.51)%	-
EBITDA as stated	(370.9)	(331.6)	(1,767.3)	(2,634.4)	(4,366.1)
Adj. EBITDA as stated	(331.9)	(321.1)	(1,654.8)	(2,468.3)	(4,211.5)
Profit/Loss Before Tax	(378.8)	(288.5)	(1,698.3)	(2,958.2)	(4,232.1)
Net Loss for the period~	(381.9)	(284.4)	(1,701.0)	(2,942.4)	(4,230.9)
Net Asset Value (₹)	104	130	108	135	100

Source: RHP *Restated Consolidated, ~ from continuing and discontinued operations.

Issue Details

(Issue of Equity shares aggregating upto ₹ 18,300 Cr)

Fresh Issue of Equity shares aggregating upto ₹ 8,300 Cr and Offer for sale of Equity shares aggregating upto ₹ 10,000 Cr

Issue summary

Issue size: ₹ 18,300 Cr
No. of shares: 87,980,769 – 85,116,278 Shares
Face value: ₹ 1/-
Price band : ₹ 2,080 – 2,150
Bid Lot: 6 Shares and in multiple thereof
Post Issue Implied Market Cap = ₹ 135,111 – 139,379 Cr
JGCBRLMs: Axis Capital, Morgan Stanley, Goldman Sachs
BRLMs: ICICI Securities, J P Morgan, Citigroup Global Markets, HDFC Bank
Registrar: Link Intime India Pvt. Ltd.
Issue opens on: Monday, 8th Nov'2021
Issue closes on: Wednesday, 10th Nov'2021

The Anchor Investor Bidding Date shall be Wednesday, 3rd November, 2021

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	15-11-2021
Refunds/Unblocking ASBA Fund	16-11-2021
Credit of equity shares to DP A/c	17-11-2021
Trading commences	18-11-2021

Issue break-up

	No. of Shares		₹ In Cr	% of Issue
	@Lower	@upper		
QIB	65,985,578	63,837,209	13,725	75%
NIB	13,197,115	12,767,441	2,745	15%
RET	8,798,076	8,511,627	1,830	10%
Total	87,980,769	85,116,278	18,300	100%

Listing: BSE & NSE

Shareholding (No. of Shares)

Pre issue	Post issue~	Post issue^
609,669,008	649,572,854	648,273,659

~@Lower price Band ^@ Upper Price Band

Shareholding (%)

	Pre-Issue	Post-Issue
Promoter & Promoters Group	0.00%	0.00%
Public – Founder Selling S/h	9.77%	8.90%
Public – Investor Selling S/h	60.20%	49.79%
Public – Other Selling S/h	1.30%	1.16%
Public – Others	28.74%	40.15%
Total	100.00%	100.00%

BACKGROUND

Company and Directors

The company was incorporated as “One 97 Communications Private Limited”, at New Delhi on December 22, 2000. The company is a professionally managed company and does not have an identifiable promoter.

Brief Biographies of Directors

Vijay Shekhar Sharma is the Founder, Managing Director and Chief Executive Officer of the company and the Chairman of the Board. He oversees the Company's key strategic efforts including engineering, design and marketing.

Munish Varma is the Non-Executive Director of the company and a nominee of SVF on the company Board. He currently serves as a managing partner at SoftBank Investment Advisers. He was also associated with Deutsche Bank AG.

Ravi Chandra Adusumalli is the Non-Executive Director of the company and a nominee of SAIF and Elevation Capital on the company Board. He is currently the managing partner of Elevation Capital.

Douglas Feagin is the Non-Executive Director of the company and a nominee of API on the company Board. 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.

Mark Schwartz, Pallavi Shardul Shroff, Ashit Lilani and Neeraj Arora are the Independent Directors of the company.

Key Managerial Personnel

Madhur Deora is the President and Group Chief Financial Officer of the company. He has been associated with the company since October 3, 2016.

Manmeet Singh Dhody is the Chief Technology Officer, Payments. He has been associated with the company since April 1, 2020.

Vikas Garg is the Chief Financial Officer of the company. He has been associated with the company since May 21, 2014 and was previously associated with the company from August 25, 2008 to September 28, 2012.

Sudhanshu Gupta is the Chief Operating Officer of Paytm First Games Pvt Ltd, their Subsidiary. He has been associated with Paytm First Games Pvt Ltd since June 1, 2018.

Bhavesh Gupta is the Chief Executive Officer of Lending Business of the company. He has been associated with the company since August 4, 2020.

Deepankar Sanwalka is the President - Compliances and Operations of the company. He has been associated with the company since May 3, 2021.

Renu Satti is the Chief Operating Officer of Offline Payments of the company. She has been associated with the company since October 11, 2006.

Praveen Kumar Sharma is the Managing Director and Chief Executive Officer of Paytm Payments Services Ltd. He has been associated with the company since September 2, 2019.

Harinderpal Singh Takhar is the Chief Executive Officer of Paytm Labs Inc, their Subsidiary. He has been associated with Paytm Labs Inc. since June, 2013.

Amit Khera is the Company Secretary and Compliance Officer of the company. He has been associated with the company since April 22, 2021.

OBJECTS OF THE ISSUE

Objects	Amount (₹ Cr)
<ul style="list-style-type: none"> Growing and strengthening the Paytm ecosystem, including through acquisition and retention of consumers and merchants and providing them with greater access to technology and financial services; 	4,300
<ul style="list-style-type: none"> Investing in new business initiatives, acquisitions and strategic partnerships; 	2,000
<ul style="list-style-type: none"> General Corporate Purposes 	[•]
Total	[•]

OFFER DETAILS

The Offer	Amount (₹ Cr)	No. of Shares
Fresh Issue	8,300	Upto 39,903,846~ - 38,604,651^ Equity Shares
Offer for Sale	10,000	Upto 48,076,923~ - 46,511,627^ Equity Shares
Founder Selling Shareholder		
<i>Vijay Shekhar Sharma</i>	402.65	<i>Upto 1,935,817~ - 1,872,791^ Equity Shares</i>
The Investor Selling Shareholders		
<i>SAIF III Mauritius Co Ltd</i>	1,327.65	<i>Upto 6,382,933~ - 6,175,116^ Equity Shares</i>
<i>SAIF Partners India IV Ltd</i>	563.63	<i>Upto 2,709,760~ - 2,621,535^ Equity Shares</i>
<i>Elevation Capital V Ltd</i>	64.01	<i>Upto 307,740~ - 297,721^ Equity Shares</i>
<i>Elevation Capital V FII Holdings Ltd</i>	75.02	<i>Upto 360,673~ - 348,930^ Equity Shares</i>
<i>Alibaba.com Singapore E-Commerce Pvt Ltd</i>	784.82	<i>Upto 3,773,173~ - 3,650,326^ Equity Shares</i>
<i>Antfin (Netherlands) Holding B.V.</i>	4,704.43	<i>Upto 22,617,452~ - 21,881,070^ Equity Shares</i>
<i>SVF Panther (Cayman) Ltd</i>	1,689.03	<i>Upto 8,120,337~ - 7,855,953^ Equity Shares</i>
<i>BH International Holdings</i>	301.77	<i>Upto 1,450,817~ - 1,403,581^ Equity Shares</i>
Other Selling Shareholders	86.99	Upto 418,221~ - 404,604^ Equity Shares

(~ at lower price band and ^ at upper price band)

SHAREHOLDING PATTERN

Shareholders	Pre-offer		No. of Shares offered^	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter and Promoter Group	0	0		0	0
<i>Public – Founder Selling Shareholders</i>	59,545,834	9.77%	1,872,791	57,673,043	8.90%
<i>Public – Investor Selling Shareholders</i>	367,023,500	60.20%	44,234,233	322,789,267	49.79%
<i>Public – Other Selling Shareholders</i>	7,908,008	1.30%	404,605	7,503,403	1.16%
<i>Public - Other</i>	175,191,666	28.74%	0	260,307,945	40.15%
Total for Public Shareholder	609,669,008	100.00%	46,511,628	648,273,659	100.00%
Total Equity Share Capital	609,669,008	100.00%	46,511,628	648,273,659	100.00%

^ at upper price band

BUSINESS OVERVIEW

One97 Communications Limited (“Paytm”) is India’s leading digital ecosystem for consumers and merchants. They offers payment services, commerce and cloud services, and financial services to 33.7 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 through their financial institution partners, by leveraging technology to improve the lives of their consumers and help their merchants grow their businesses.

The company launched Paytm in 2009, as a “mobile-first” digital payments platform to enable cashless payments for Indians; giving them the power to make payments from their mobile phones. Starting with bill payments and mobile top-ups as the first use cases, and Paytm Wallet as the first Paytm Payment Instrument, they have built the largest payments platform in India based on the number of consumers, number of merchants, number of transactions and revenue as of March 31, 2021. They have also been able to leverage their core payments platform to build an ecosystem with innovative offerings in commerce and cloud, and financial services. 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.

The “Paytm” brand is India’s most valuable payments brand, with a brand value of US\$ 6.3 billion, and Paytm remains the easiest way to transact across multiple methods.

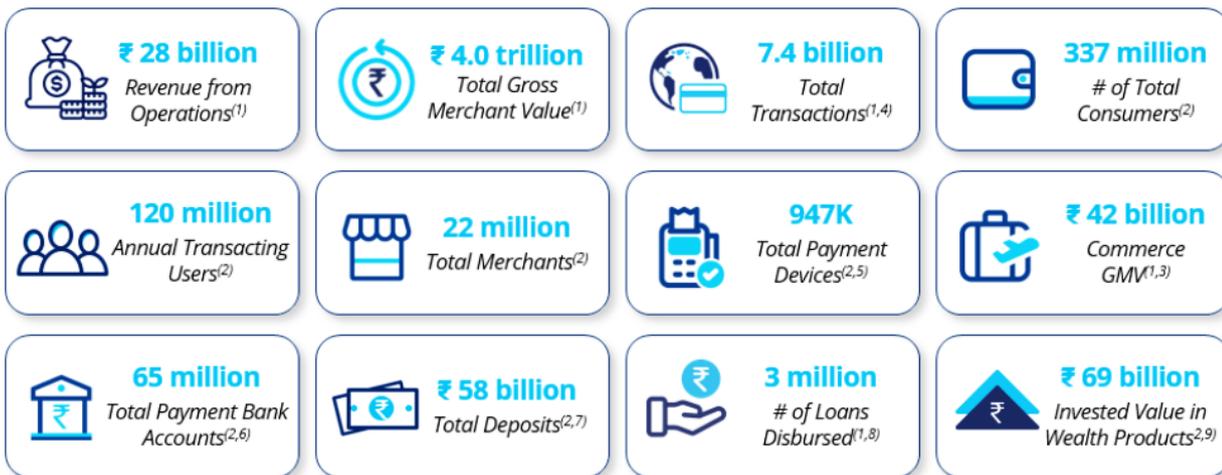
The Paytm app is a payments-led super-app, through which they offer their consumers innovative and intuitive digital products and services. They offer their consumers a wide selection of payment options on the Paytm app, which includes:

- 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.

On their app, they enable their consumers to transact at in-store merchants, pay their bills, make mobile top-ups, transfer money digitally, create and manage their Paytm Payment Instruments, check linked account balances, service city challans and municipal payments, buy travel and entertainment tickets, play games online, access digital banking services, borrow money, buy insurance, make investments and more.

They help their merchants grow their business by giving them solutions that allow them to accept payments, acquire and retain consumers, improve their business operations and access financial services. Merchants can use in-store and online payment solutions to accept payments through Paytm Payment Instruments as well as major third-party payment methods. To help them acquire and retain customers, and create demand, Paytm offers them services like selling tickets to customers, advertising, mini-app listings, channel and loyalty solutions. In addition to helping their merchant ecosystem facilitate more commerce, they also provide software and cloud services that allow large, medium and small merchants to improve their business operations and access important financial tools such as banking, wealth and credit facilities.



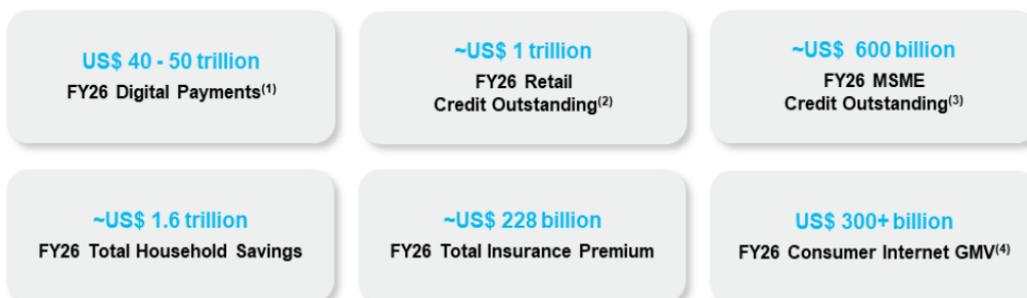
1. For FY 2021; 2. As of June 30, 2021; 3. Commerce GMV for the year FY 2020 was ₹142 billion and for the 3 months ended June 30, 2021 was ₹9 billion; 4. Includes transactions made to merchants on their ecosystem and consumer-to-consumer payments such as money transfers; 5. Includes POS and Soundbox; 6. Includes Paytm Payments Bank's savings and current accounts; 7. Includes Paytm Payments Bank's savings and current account balance, fixed deposit (through financial institution partners) and wallet balance; 8. Includes personal loans, merchant lending and postpaid offered through Paytm Payments Bank's financial institution partners; 9. Includes value of investments in mutual fund units, stock broking portfolio and gold balance.

* GMV is the rupee value of total payments made to merchants through transactions on their app, through Paytm Payment Instruments or through their payment solutions, over a period. It excludes any consumer-to-consumer payment service such as money transfers.

Trends Favouring Paytm

India is a country of hundreds of millions of young and aspiring consumers who are underserved in payments and financial services products. There are millions of small businesses in India that would benefit from having increased access to affordable software, technology and financial services. These consumers and small businesses can be served through technology-led, digital-first commerce.

Paytm has a large addressable market in India. The market segments that they serve have large growth potential, due to significant under-penetration, and the ability of technology to grow the market.



- **Strong macro tailwinds:** Despite the impact due to COVID-19 pandemic on global economies, India continues to be the fastest growing major economy globally and is expected to grow at a CAGR of 9% over next 5 years to become a US\$4.2 trillion economy by 2025.
- **Increasing pace of digitization:** With increasing smartphone penetration and internet usage, and the proliferation of digital products and services for consumers, India's digital ecosystem is at an inflection point. Technology adoption across consumer internet sectors has been accelerating and has gained even more prominence in the post COVID-19 pandemic world. Overall digital commerce in India is expected to grow over 3.3 times in the next 5 years to more than US\$300 billion in FY 2026 from approximately US\$90 billion in FY 2021.
- **Digital payments in India evolving rapidly:** India's payment landscape has transformed over the last decade driven by the emergence of mobile payments, the government's vision to transform India into a cashless society, the creation of innovative and robust payment infrastructure, high consumer and merchant acceptance and regulatory support. As a result of these factors, unique online transacting users, transacting for services are expected to grow from 25- 30 crore in FY 2021 to 70-75 crore by FY 2026.
- **Under-penetration and rising digitization of financial services:** The Indian financial services market continues to be significantly underpenetrated. Across all these traditional financial services products, India has growth opportunity aided by technology and rising digitization to increase access and reach.
- **Regulatory initiatives driving digitization of payments and financial services:** The GoI and regulators like the RBI, SEBI and IRDEAI have acted as enablers of "Digital India" through continual reforms and encouraging innovation in the marketplace. Additionally, RBI's introduction of payments bank licensing regime, wallet licensing regime, AADHAR universal identity and creation of UPI has contributed to digitization of payments.



As of June 30, 2021 their ecosystem serves 33.7 crore consumers and over 2.18 crore merchants. Their payments platform is at the core of their ecosystem. Making payments (bill payments, in-store or money transfer) is, in most cases, the first use case for a consumer on Paytm. Leveraging the large scale, reach, and deep and high frequency engagement by consumers and merchants on their payments platform, they have been able to add new payments offerings, as well as expand into commerce and cloud services and financial services. Each of their offerings increases the scope of their ecosystem for consumers and merchants, enhancing the value of their ecosystem.

How consumers benefit on the ecosystem

- **Paytm Super-app to access a wide selection of daily life use cases:** The consumers can use the Paytm Super-app to conveniently manage multiple aspects of their daily lives.
- **Usage of Paytm Payment Instruments:** In collaboration with partners, Paytm offers Paytm Payment Instruments to their consumers, such as Paytm Wallet, Paytm Postpaid, Paytm Debit Card, Paytm Credit Card, and others. These instruments can be used on online and mobile platforms.
- **Access to financial services through their partners:** In partnership with financial institution partners, Paytm provides their consumer and merchants, including un-served or underserved Indians with access to digital, customized financial products, such as deposits, wealth, lending and insurance on the Paytm app. They have also made their experience of buying and using financial services and products; instant, seamless, convenient and completely digital.

The image reflects GMV by consumers acquired in a particular fiscal year and transacting in three or more use cases in the same or subsequent years.

GMV by Cohort

	Transaction Year				
	FY17	FY18	FY19	FY20	FY21
FY17	1.0x	2.8x	4.9x	6.8x	6.8x
FY18		1.0x	2.9x	3.7x	3.5x
FY19			1.0x	1.8x	1.9x
FY20				1.0x	1.9x
FY21					1.0x

GMV of users acquired in a particular financial year and transacting in three or more use cases in same or subsequent financial years.

How merchants benefit on their ecosystem

Paytm strives to help their merchants grow their business by giving them access to technology, payment solutions and financial services.

- **Comprehensive payments solutions:** The payments platform gives merchants the ability to accept payments, online and on mobile platforms, and in-store, from a wide selection of Paytm Payment Instruments and all major third-party instruments. Their new age in-store payment systems offer an opportunity for merchants to integrate customer loyalty, gift vouchers and buy-now-pay-later solutions. They also help merchants with products for seamless business payments to vendors, employees and customers.
- **Acquisition and retention of customers and demand creation:** Paytm helps merchants acquire and retain customers on and off the Paytm app, through their suite of products. These products allow merchants to leverage their large consumer base.
- **Access to digital financial services:** For un-served or underserved merchants, they offers them access to deposits, wealth, credit and insurance products to improve and grow their businesses, including through their associates and partner financial institutions.

COMPANY BUSINESS

Paytm offers products and services across “payment services”, “commerce and cloud services” and “financial services”.

Payment Services

Paytm has a full suite of payment services for both consumers and merchants which enables them to make and receive payments in a convenient, seamless and secure manner both online and in-store. They are the largest payments platforms in India with a GMV of ₹4,033 billion in FY 2021. They have an overall payments transaction volume market share of approximately 40%, and wallet payments transaction market share of 65% – 70% in India as of FY 2021.

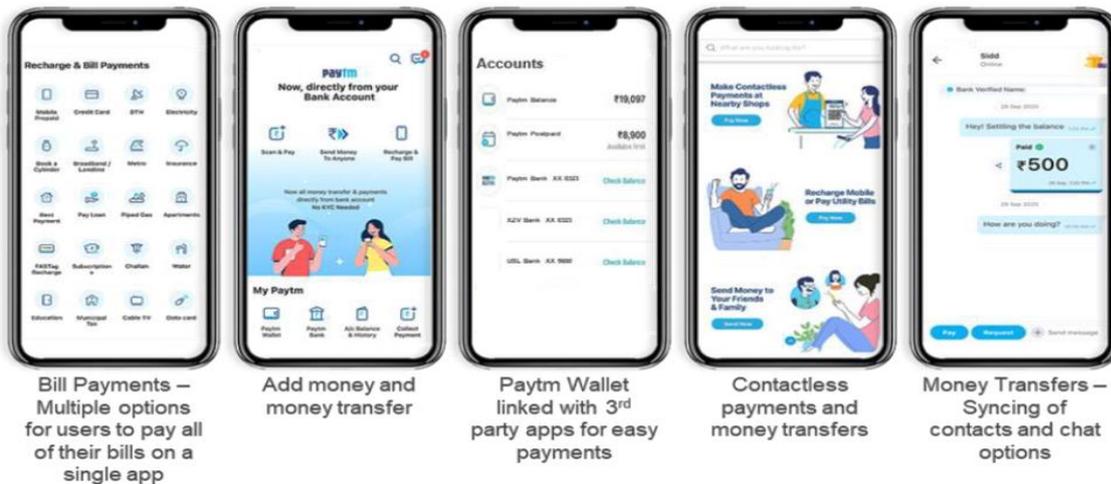
- They launched a wallet product, **Paytm Wallet** in 2014, which saw wide-spread acceptance amongst Indians, many of whom were making digital and mobile payments for the first time.
- They launched **QR** in 2015, which they upgraded to All-in-One QR in January 2020, which is the only source QR code that gives merchants the power to seamlessly accept payments from Paytm Payment Instruments, third party and all UPI instruments directly into their bank account.
- In 2020, they launched **Paytm Soundbox**, an IoT enabled payment acceptance device, providing real time audio confirmation for payment completion.

The payments products and services for consumers (**Paytm Payment Instruments**) and for merchants (“**Merchant Acquiring**”).



Paytm offers a differentiated value proposition and experience for their consumers because of a wide selection of use cases, multiple payments instruments, and a large number of merchant end points.

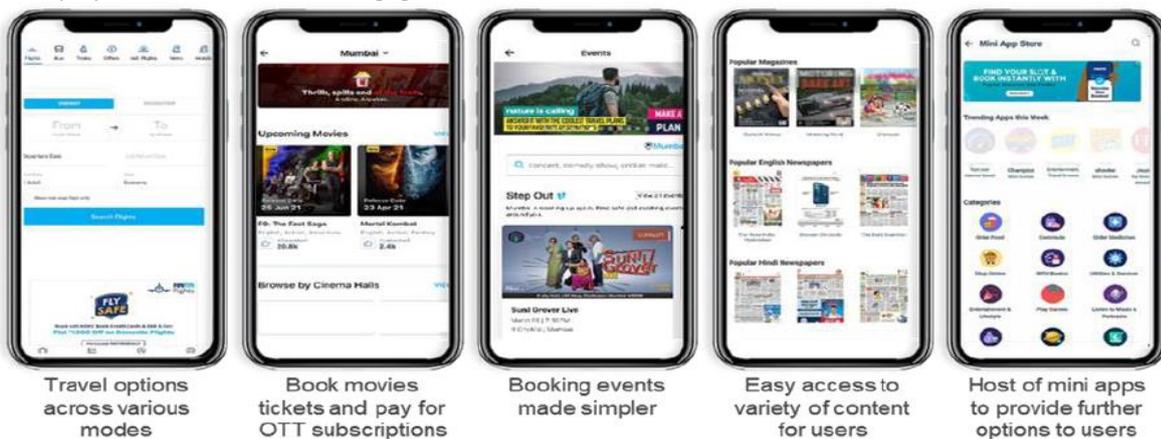
The select payment offerings available to their consumers:



Merchants can access their full suite of payment products and services (i) in-store, using the Paytm QR code, Soundbox or POS devices; and (ii) online, using the Paytm all-in-one payment gateway infrastructure or through Paytm Wallet. They also offer their merchants, Business Payments to help manage their cash flows and their payables including (i) vendor payments, such as rent payments, invoices, and utility bill payments, (ii) customer cashbacks, refunds, and channel partner incentives, and (iii) employee salaries, reimbursements and tax benefits.

Commerce and Cloud Services

Company’s commerce and cloud services offerings provides a lifestyle destination for consumers to avail lifestyle commerce services such as ticketing, travel, entertainment, gaming, food delivery, ride hailing and more. Easy access to such services within the Paytm App environment, through their native offerings or through their mini-apps partners, plays a critical role in user engagement and retention, and enhances their brand.



Through their wide suite of commerce and cloud service offerings, merchants can connect with consumers to increase demand for their products and services such as ticketing (for entertainment and travel), deals, loyalty services, mini apps and advertising; and improve their business operations. Their feature-rich Paytm for Business app provides merchants a comprehensive set of business management tools, including real time bank settlement and analytics, reconciliation services, banking services, access to financial services, and business growth insight tools to measure their business performance. They also provide software and cloud services to enterprises, telecom companies, and digital and fin-tech platforms to track and enhance customer engagement, build payment systems, and unlock customer insights.

In FY 2020, they processed a total Commerce GMV of ₹142.2 billion, and in aggregate generated over ₹11 billion of revenues (in FY 2021 and in the first quarter of FY 2022, they processed a total Commerce GMV of ₹42.4 billion and ₹9 billion, and in aggregate generated over ₹6.9 billion and ₹2 billion of revenue, respectively in FY 2021, they processed a total Commerce GMV of ₹42.4 billion, and in aggregate generated over ₹6.9 billion of revenue).

Financial Services

- **Mobile Banking Services:** It provides mobile banking services through Paytm Payments Bank, in which they own 49% equity interest. It offers a comprehensive suite of digital banking products and debit cards. As of June 30, 2021, Paytm Payments Banks had 6.54 crore savings accounts. For the quarter ended March 31, 2021, Paytm Payments Bank was the largest UPI beneficiary bank with a market share of 17.1%.
- **Lending:** Paytm operates a technology platform with capabilities across the entire loan cycle to provide a seamless credit access to their consumers and merchants through their financial institution partners. They work with financial institution partners and aim to drive the increase of credit in India. By leveraging Paytm platform's digital reach, democratizing credit is a significant opportunity for Paytm, to service the underserved and un-served. Paytm has launched Paytm Postpaid, their buy-now-pay later product and merchant cash advance, through their financial institution partners. Their financial institution partners have disbursed 1.4 million loans in the 4th quarter of FY 2021 and 1.4 million loans in the first quarter of FY 2022.
- **Insurance and Attachment Products:** In collaboration with the insurance partners, Paytm offers, (i) attachment products such as movie and travel ticket cancellation protections based on user engagement on their platform and as a part of the payments flow, and (ii) their subsidiary, Paytm Insurance Broking Pvt Ltd offers an insurance marketplace with products across auto, life and health insurance.
- **Wealth Management:** Paytm provides wealth management services to their consumers through the Paytm app and the Paytm Money App. Paytm Payments Bank launched fixed deposits on the Paytm app. They launched Paytm Gold, in collaboration with a partner. Paytm Money offers mutual funds, equity and futures and options trading.

COMPANY'S FLYWHEELS

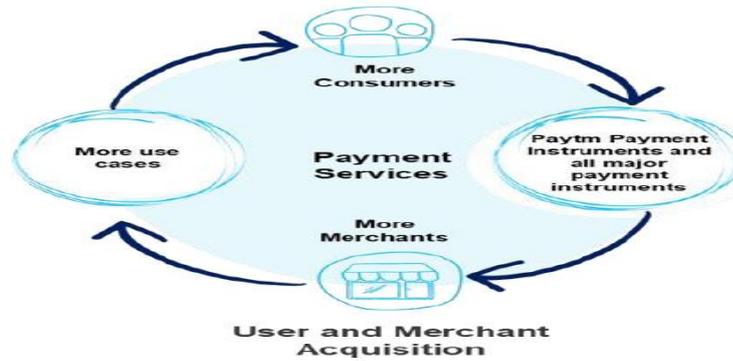
Company's brand, distribution, insights, technology skills, and the scope of their ecosystem gives them an advantage to grow their business through, (i) cost-effective acquisition of consumers and merchants; (ii) reinforce their platform by building higher engagement and stickiness with consumers and merchants; and (iii) build high monetisation products at low cost of acquisition.

The company refers to these attributes of their business model as "their flywheels". Their ecosystem has multiple, self-reinforcing flywheels, which drive consumer and merchant engagement and growth on their ecosystem.

For consumers, certain payment categories like money transfer, in-store payments and bill payments are highly relevant high frequency use cases that are efficient and pre-dominant means of consumer acquisition for them. Products such as Paytm Wallet, Paytm Postpaid, savings account and FASTag help to build consumer engagement and stickiness and help them retain consumers. Products such as personal loans, credit cards, which their financial institution partners offer on their app, and insurance allow them to monetize users, at little or no incremental cost of acquisition, and at attractive economics.

Similarly, for merchants, certain payments offerings, such as QR (for in-store) and Payment Gateway (for online) are their primary means to on-board new merchants. Products such as Soundbox and POS devices and Paytm Business Payments increases their engagement and retention on their ecosystem with attractive monetisation characteristics in many cases. Products such as merchant lending, which their financial institution partners offer on their app, advertising and cloud, offered through their ecosystem, allow them to monetize their merchants.

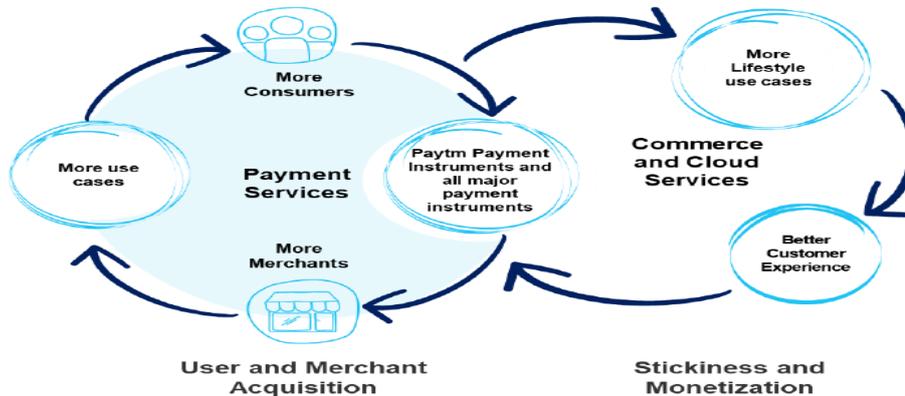
Payment Services



The payment services have attractive characteristics for consumer acquisition and retention, given the low cost of acquisition especially for certain categories and high engagement due to payments behaviour being high in frequency and repeat usage. In addition, their ability to offer more payment use cases and Paytm Payment Instruments attracts more consumers to Paytm.

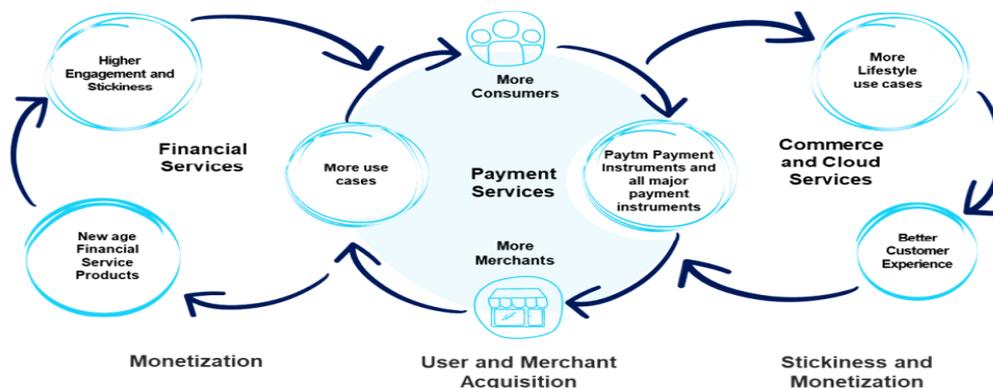
In addition to this flywheel, merchants start using Paytm for non-Paytm Payment Instruments such as third-party credit cards, debit cards, net-banking, creating additional monetisation opportunities for Paytm.

Commerce and cloud services



For merchants, Paytm provides consumer-facing offerings. These services on the Paytm app allow customers to use the app to access a wider range of lifestyle use cases, which reinforce their payments business.

Financial services



For consumers, paytm offers various financial services products. Consumers can use Paytm Postpaid, which is a buy-now-pay-later product offered in collaboration with their financial partners and equity broking through their wealth management offerings. Users can also use fixed deposit on the Paytm app if they don't have enough funds in their Paytm Payments Bank, at the time of check-out.

Similarly, for merchants, due to their payment services relationships with them, they are able to use the Paytm for Business App and their insights of the merchants' payment flow to offer them ability seamlessly take a loan from their financial institution partners.

Key operating and financial metrics

	3 months ended June,30		As of and for the FY ended Mar'31,		
	2021	2020	2021	2020	2019
GMV (₹ Cr)	146,900	69,700	403,300	303,200	229,200
GMV growth (%)	110.6%	3.4%	33.0%	32.3%	95.9%
Number of loans disbursed (No. in '000)	1,433	23	2,635	75	5
Revenue from operations (₹ Cr)	890.8	551.2	2,802.4	3,280.8	3,232.0
- Payment and financial services (₹ Cr)	689.4	429.8	2,109.2	1,906.8	1,695.5
- Commerce and cloud services (₹ Cr)	201.4	121.4	693.2	1,118.8	1,536.5
- Other operating revenue (₹ Cr)	-	-	-	255.2	-
Contribution profit (₹ Cr)	244.5	82.0	362.5	(237.8)	(1,998.0)
Contribution profit margin (₹ Cr)	27.4%	14.9%	12.9%	(7.2)%	(61.8)%
Adjusted EBITDA (₹ Cr)	(331.9)	(321.1)	(1,654.8)	(2,468.3)	(4,211.5)
Adjusted EBITDA Margin (%)	(37.3)%	(58.3)%	(59.0)%	(75.2)%	(130.3)%

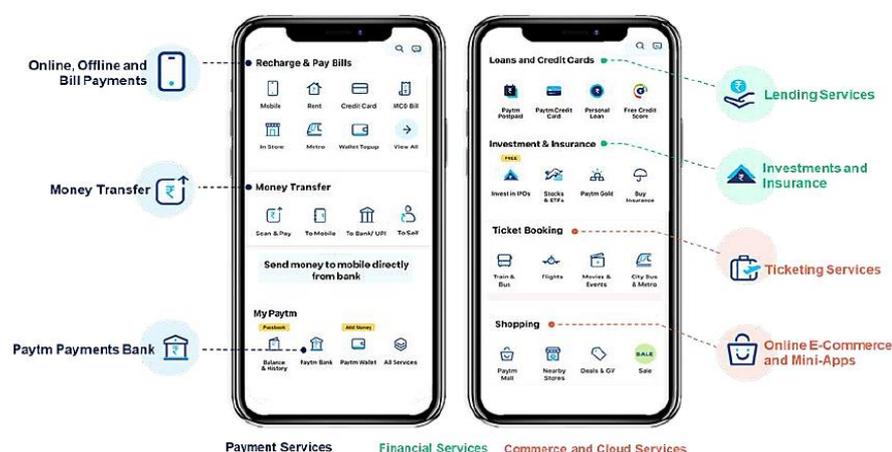
COVID-19

Paytm has set up the Paytm Foundation exclusively for philanthropic purposes. They have also led a large-scale relief effort for the nation, by launching an *OxygenforLife* crowd-funding initiative for sourcing oxygen concentrators for donating to government hospitals, foundations and non-governmental organizations. As a part of long-term relief measures, they are installing oxygen plants, which will help produce medical oxygen from ambient air while simultaneously supplying the gas to multiple beds. Under the *Feed My City* initiative, they are providing food to daily wage earners in Noida, Mumbai, Bengaluru, Hyderabad and Chennai. They introduced a dedicated section on their app, with a COVID-19 self-assessment scanning tool, which utilizes contract tracing to identify if one is potentially at risk of suffering from the virus.

COMPANY PRODUCTS AND SERVICES

After launching Paytm Wallet, the Paytm App with mobile top-ups and bill payments, and payment gateway for merchants, in 2015 and 2016, they launched additional services on their app such as the QR code for in-store payments, and entertainment and flight ticketing. Over the past five years they have launched additional products such as Paytm FASTag and Paytm Postpaid, and launching financial services offerings such as wealth, lending and insurance for consumers and merchants, in partnership with financial institutions.

The Paytm Super App



Payments offering to Consumers:

Bill Payment	As of June 30, 2021 Paytm provided consumers the ability to conveniently make bill payments across 26 use cases including electricity, cooking gas, water, mobile and broadband, credit card, rent, educational fees and various other such recurring payment.
• <i>Money Transfer</i>	On the Paytm App, consumers can do money transfers from UPI and Paytm Wallet, which are supported by Paytm Payments Bank.
• <i>In-store Payments</i>	Consumers can use Scan and Pay on the Paytm app, to scan a QR code and make a payment, either through the All-in-One QR, issued by Paytm Payments Bank, or through a UPI QR issued by a third-party.

Payments offering to Merchants:	
• <i>Payment Gateway Services</i>	The payment gateway service started in 2012 by processing Paytm Payment Instruments, such as Paytm Wallet, and by leveraging the large merchant penetration of Paytm Payment Instruments, has expanded into processing other third-party instruments. As of June 30, 2021 they had partnered with 15 major banks in India to enable merchants to provide cashback offers and no-cost EMI-deals.
• <i>All-in-One QR Code</i>	QR codes allow small shopkeepers to accept digital payments at zero upfront cost, and at zero MDR, without needing access to the internet or paying for a POS machine.
• <i>All-in-One POS Devices</i>	Paytm offers portable devices for basic payments to advanced payments, depending on the use-case, as well as transaction confirmations and reconciliation – for sound, visual and print based merchant solutions.
• <i>Paytm Soundbox and Soundbox 2.0</i>	Paytm Soundbox is a battery operated IoT-based device providing voice-based confirmation of QR code payments to merchants.
• <i>Paytm Business Payments</i>	Launched in FY 2020, Paytm Business Payments is a single platform solution to help merchants make payments for all business use cases, including to vendors, employees and customers. This helps companies better manage their cash flows and their payables.
• <i>Paytm for Business App</i>	'Paytm for Business' is an intuitive, user friendly, easy to use app, with about five million monthly visitors as of June 30, 2021. It enables merchants to make bill payments, transfer payments to their bank accounts, select their settlement frequency, link or change their destination bank account, view all their transactions in one place, open a Paytm Payments Bank account and order Paytm QR-supported merchandise.
Paytm Payment Instruments	Paytm offers Paytm Payment Instruments, which allow consumers to use wallets, sub-wallets, bank accounts, and buy-now-pay-later, at a wide range of merchants across the country.
• <i>Paytm Wallet:</i>	Paytm Payments Bank provides a secure digital wallet that allows consumers to make payments at over 87,000 online merchants and 21.1 million in-store merchants.
• <i>Paytm Postpaid:</i>	Paytm provides consumers the flexibility to use the buy-now-pay-later option across their merchant base.
• <i>Paytm UPI:</i>	Users use these for money transfers, on the Paytm app, to add money to the Paytm wallet and at third party merchants, and make payments by scanning any UPI QR code.
• <i>Paytm FASTags:</i>	A key differentiator of Paytm FASTag is that it does not require a separate prepaid account or login credentials, and is linked seamlessly to the Paytm Wallet.
• <i>Fixed Deposits:</i>	Paytm offers fixed deposits which come with "super liquid" feature allowing real-time, 24*7 management, instant redemption with no penalty, as well as earn interest on the balance.
• <i>Paytm Payments Bank Debit Card:</i>	The free digital debit card which can be used to make in-store and online payments.
• <i>Paytm Credit Card:</i>	Paytm offers card management services on the Paytm App, including real-time transaction history, spend analytics, and ability to change credit limits, among others.
• <i>Other Paytm Payments Bank instruments:</i>	As of March 31, 2021, Paytm Payments Bank had 64 million bank accounts. Each account holder has the ability to use Paytm Payments Bank Debit Card and Paytm Net Banking to access their bank accounts and make payments to merchants.

COMPETITIVE STRENGTHS

- ***The ecosystem allows to address large market opportunities***

Paytm has a wide addressable market in India across payment services, commerce and cloud services and financial services. The market segments that they serve have a massive scale and growth, are significantly underpenetrated, and have potential of technology to grow the industry. Their ecosystem allows them to address these multiple large market opportunities at scale and gives them multiple growth vectors.

- ***The trusted brand, scale and reach***

Paytm brand stands for *Trust, Convenience and Transparency*. Paytm is available across the country with "Paytm karo" evolving into a verb for hundreds of millions of Indian consumers, shopkeepers, merchants and small businesses. The "Paytm" brand is India's most valuable payments brand, with a brand value of US\$ 6.3 bn, and Paytm remains the easiest way to transact across multiple methods. They had 33.7 crore consumers and over 2.18 crore merchants as of June 30, 2021.

- ***The deep insights of Indian consumers and merchants***

Paytm has developed unparalleled insights into the way Indian consumers spend and save, and the way merchants operate their businesses. Each transaction on their ecosystem provides insights that help them improve personalization for their consumers and merchants which in turn improves consumer and merchant experience and the quality of their engagement on the ecosystem.

- ***The product and technology DNA***

Paytm has an average engineering and technology team of 2,550 members and 2,471 members in FY 2021 and in the 3 months ended June 30, 2021. Their technology stack is built ground up and integrated across all aspects of their ecosystem which allows them to ensure that they are able to launch products and services quickly, build various features, offer integrated and synergistic products, ensure system stability, handle large scale and provide highest success rates. This significantly improves the experience of their consumers and merchants on their ecosystem. **Paytm is the only payments company in India that, together with their affiliates, owns each layer of the payment stack.** Paytm offer services such as Paytm Wallet, Paytm QR, Paytm Soundbox, Gold investments and Fixed Deposit, Paytm Postpaid, Merchant Cash Advance and FASTag.

- ***The network effect creates sustainable advantages for Company***

Paytm benefits from self-reinforcing network effects, which leads to low acquisition costs, higher monetization and lifetime value of consumers and merchants, and better economics across their offerings.

- ***The leadership and their distinctive culture***

Company's mission and focus on solving big problems, and the expanse of their ecosystem makes them an attractive place for best-in-class leaders who bring a combination of domain expertise and a hunger to redefine the way Indians access payments, commerce, cloud and financial services products. Their culture of innovation allows them to solve big problems using technology by developing pioneering products.

KEY BUSINESS STRATEGIES

- ***Grow consumer and merchant base***

Paytm will continue to grow their consumer and merchant base, adhering to their mission which is to bring half a billion Indians into the mainstream economy. There is continued scope for expansion given the under-penetration of the various products and services Paytm offers. They endeavour to continue to increase the engagement and retention of their consumers and merchants on their ecosystem by offering them better products.

- ***Expand and enhance Paytm App's offerings for the consumers***

Paytm will continue to focus on bringing together various pieces of their ecosystem to build innovative products for their consumers, which could take the form of increasing seamlessness between (i) consumers and merchants, (ii) various use cases and, (iii) various payment instruments.

- ***Deepen merchants' partnerships and drive adoption of technology among the merchant base***

Paytm plans to continue to expand their merchant network, which is integral to their ecosystem, across cities and towns in India while also deepening their partnerships with existing merchants. They will continue to expand their payment services' offerings for merchants and innovate to offer wider selection of commerce and cloud services.

- ***Rapidly scale up financial services and expand access of financial services through deep tech-led solutions***

A key strategic focus for Paytm is to scale up their consumer and merchant lending businesses, including Paytm Postpaid, in collaboration with their financial partners, as well as their wealth management offerings. They plan to continue to leverage their partnership with Paytm Payments Bank to expand the suite of banking solutions for consumers and merchants.

- ***Expand into international markets***

There is a large opportunity for Paytm to leverage their technology infrastructure and expand to international markets. In 2017, they piloted their bill payment services in Canada and in 2018, they partnered with Softbank Corp. and Yahoo Japan Corporation to launch PayPay, a leading digital payments and financial services company in Japan.

The company continue to explore international opportunities, especially in the developed markets, where they can either launch their merchant services, or collaborate with partners to launch consumer facing platforms.

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