

**One97 Communications Ltd (Paytm)**
**Sector**
**E-commerce**
**Issue Highlights**

<b>Issue Open</b>	November 8, 2021
<b>Issue Close</b>	November 10, 2021
<b>Issue Price</b>	Rs. 2,080 - Rs. 2,150 Per Share
<b>Total Issue Size</b>	Rs. 18,300 Cr
<i>Of which</i>	
<b>Fresh Issue</b>	Rs. 8,300 Cr
<b>Offer for Sale</b>	Rs. 10,000 Cr
<b>Face Value</b>	Rs. 1 Per share
<b>Market Lot</b>	6 Equity Shares
<b>Issue Type</b>	Book Built Issue

**Offer Structure**

<b>QIB Category</b>	75%
<b>Non-Institutional</b>	15%
<b>Retail category</b>	10%

**Lead Book Running Managers**

- Morgan Stanley India Company Pvt. Ltd.
- Goldman Sachs (India) Securities Pvt. Ltd.
- Axis Capital Ltd
- ICICI Securities Ltd
- J.P. Morgan India Pvt. Ltd.
- Citigroup Global Markets India Pvt. Ltd
- HDFC Bank Ltd.

**Registrar To The Offer**

- Link Intime India Pvt. Ltd

**About the Company**

One97 Communications Ltd (Paytm) is India's leading digital ecosystem for consumers and merchants. 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 offer payment services, commerce and cloud services, and financial services to 337mn registered consumers and over 21.8 million registered merchants, as of June 30, 2021. 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 company largely caters to Payment Instruments, which allow consumers to use digital wallets, sub-wallets, bank accounts, buy-now-pay-later and wealth management services. It also provides third-party instruments such as Debit and Credit Cards and Net Banking. They offer diversified services products such as Paytm Wallet, Paytm QR, Paytm Soundbox, Gold investments and Fixed Deposit, Paytm Postpaid, Merchant Cash Advance and FASTag.

**Objects of the Issue**

- Growing and strengthening Paytm ecosystem through acquisition and retention of consumers and merchants and providing them with greater access to technology and financial services;
- Investing in new business initiatives, acquisitions and strategic partnerships;
- General corporate purposes;

**Valuation**

Digital payments have been growing steadily over time however India continues to be a cash-driven economy. In FY21, the digital payments market size by value stood at ~US\$ 20Tn with 43Bn transactions during the year. Consumers are rapidly switching to digital payments as it provides simple, safe and convenient ways to transfer money across accounts. Similarly, for merchants, acceptance of payments in digital form has increased significantly due to demonetization, changing trends during COVID-19 like social distancing & government guidelines, etc. and easy mode of payment. Between FY21-FY26, digital payments are expected to more than double and reach USD 40-50Tn by FY26, led by government reforms, improving technology, higher usage of the internet, increasing awareness amongst consumers.

We believe Paytm is well placed with various services such as payments, financials, and cloud which help to bridge between consumers and merchants. The addressable market which the company caters is highly underpenetrated which gives a lot of opportunity for growth. Going forward, they have strong plans to enhance Paytm App's offerings to consumers as well as deepen merchants' partnerships and improve technology. Besides, they will 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. On the financial front, the company is in losses and would take time for a revival.

**Key Risks:** i) Financially, the company is into losses. ii) Majority of the revenue is earned from single business i.e. payments services.

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S. No.	Statement	Answer	
		Yes	No
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? <b>[If answer is yes, nature of Interest is given below this table]</b>		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

**Nature of Interest ( if answer to F (a) above is Yes :**

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**Name(s) with Signature(s) of RA(s).**

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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