Retail Equity Research

One 97 Communications Limited

HOLD

Sector: Other Financial Services

05th December, 2025

Key Changes	Target ▲	Rating ●	Earnings ▲

Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Mid Cap	PAYTM:IN	85,712	PAYTM	543396	12 Months

Target	**Rs. 1,481**
CMP	**Rs. 1,345**
Return	**+10%**

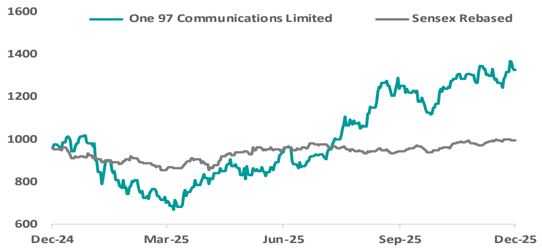
Data as of: 05-Dec-2025, 16:00 hrs

Company Data	
Market Cap (Rs.cr)	85,920
52 Week High — Low (Rs.)	1,382 - 652
Enterprise Value (Rs. cr)	83,169
Outstanding Shares (cr)	63.9
Free Float (%)	63.3
Dividend Yield (%)	0.0
6m average volume (cr)	0.5
Beta	0.6
Face value (Rs.)	1.0

Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	0.0	0.0	0.0
FII's	55.4	54.9	51.7
MFs/Institutions	14.0	15.8	20.0
Public	14.2	13.4	12.6
Others	16.4	15.9	15.8
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	7.1%	38.1%	39.0%
Absolute Sensex	5.6%	3.7%	4.3%
Relative Return	1.4%	34.4%	34.7%

*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	6,900	8,518	10,559
Growth (%)	*-30.8*	*23.4*	*24.0*
EBITDA	-1,507	537	1,257
EBITDA Margin (%)	*-21.8*	*6.3*	*11.9*
PAT Adjusted	-1,482	866	1,370
Growth (%)	25.1	n.m.	58.1
Adjusted EPS	-23.2	13.6	21.5
Growth (%)	*24.7*	*n.m.*	*58.1*
P/E	n.m.	98.2	62.1
P/B	3.3	5.4	5.0
EV/EBITDA	n.m.	155.0	66.0
ROE (%)	*-4.4*	*4.2*	*8.0*
D/E	0.0	0.0	0.0

MDR division showing strong momentum

One 97 Communications Ltd, i.e. Paytm, provides payment solutions, hotel bookings, mobile phone top-ups, gaming and mobile content and bill payment services, as well as data processing services globally.

- In Q2FY26, the company's consolidated revenue grew 24.2% YoY to Rs. 2,061cr, driven by higher merchant additions, strong growth of gross merchandise value (GMV) and rapid expansion of the financial services business.
- Revenue from the payments and financial services businesses grew 21% YoY to Rs. 1,146cr, on account of Rs. 594cr net payment revenue (+28% YoY) due to higher processing margins and festive-led GMV surge.
- Revenue of the distribution segment within financial services business rose 63% to Rs. 611cr, supported by strong merchant loan distribution, higher collection bonuses and a substantial base of 6.5lakh financial services customers.
- GMV rose 26.7% YoY (+5.6% QoQ) to Rs. 5.7lakh cr., led by higher merchant penetration and adoption of credit card-on-UPI, and expanded EMI uptake.
- Adjusted EBITDA improved Rs. 328cr YoY to Rs. 143cr (-Rs. 185cr in Q2FY25) and margins were 6.9% vs –11.2% in Q2FY25, on strong revenue growth and disciplined cost-control backed by AI-driven operational efficiencies.

Outlook & Valuation

The company delivered strong performance, buoyed by double-digit growth across core operational levers, on the back of improved execution, healthier customer retention, stronger online merchant traction, and the introduction of new products on its devices. The company continues its focus on AI-driven product enhancements, strengthening of the merchant ecosystem, consolidation of financial products on its platform, better merchant discount rates (MDRs), and disciplined customer acquisition are expected to support operational stability and are likely to also enhance its long-term position. However, regulatory uncertainties and the current premium valuation remain near-term concern. Hence, **we reiterate our HOLD rating on the stock, with a revised target price of Rs. 1,481, based on 9x FY27E price-to-sales ratio.**

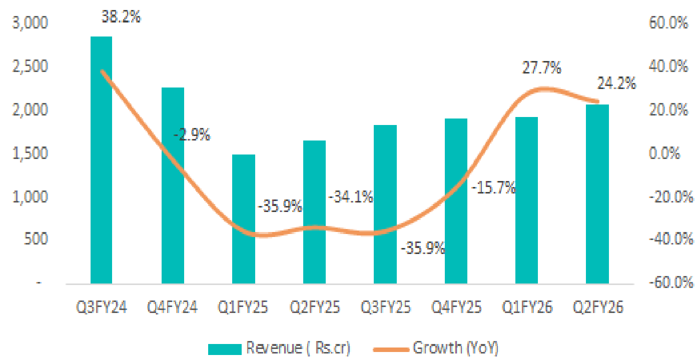
Quarterly Financial Consol.

Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	2,061	1,659	*24.2*	1,918	*7.5*	3,979	3,161	*25.9*
EBITDA	141	-404	*n.m.*	72	*95.8*	213	-1,196	*n.m.*
Margin (%)	*6.8*	*-24.4*	*n.m.*	*3.8*	*300bps*	*5.4*	*-37.8*	*n.m.*
EBIT	34	-583	*n.m.*	-94	*n.m.*	-90	-1,554	*94.2*
PBT	30	939	*-96.8*	126	*-76.2*	156	100	*56.0*
Rep. PAT	21	930	*-97.7*	123	*-82.9*	144	90	*60.0*
Adj PAT	211	-416	*n.m.*	141	*50.1*	352	-1,255	*n.m.*
Adj. EPS (Rs)	3.3	-6.5	*n.m.*	2.2	*50.0*	5.5	-19.7	*n.m.*

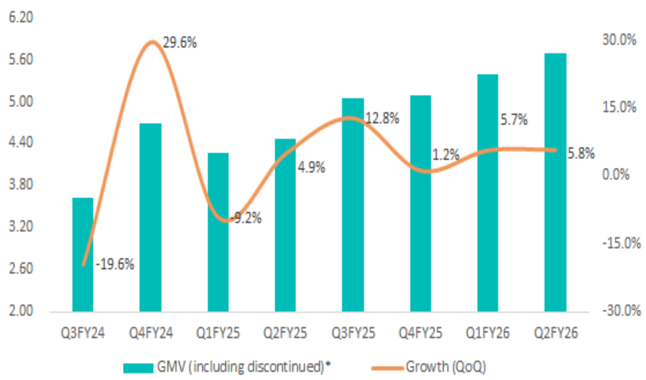
Key concall highlights

- Cash balance increased to Rs. 13,068cr from Rs. 9,999cr in Q2FY25, on account of monetisation of the parent company's stock rights, excluding Paytm Money Ltd's customer funds and Merchant Escrow balances.
- The subscription merchants base rose to 1.37cr in Q2FY26 from 1.12cr in Q2FY25, i.e. a rise of 22% YoY, supported by refurbished device redeployment, higher quality onboarding and lower capex spend.
- Monthly transactions touched 7.5cr in Q2FY26 from 7.1cr in Q2FY25, driven by product improvement, stronger merchant retention and better AI-led consumer experience.
- The company expects FY26 depreciation at Rs. 500-600cr, owing to aggressive device refurbishment that reduces new device capex, with H1FY26 capex at Rs. 202cr. Also, spending is projected to be disciplined and efficiency-led going forward.
- Also, the Reserve Bank of India granted in-principle authorisation to Paytm Payments Services Ltd as an online payments aggregator, enabling the resumption of onboarding of online merchants from August 2025.
- The company also expects postpaid economics to be within 20bps of the previous product's unit economics, subject to credit quality.
- Further, the management has guided transaction charges to range 1.5%-1.9%, depending on merchant commercials, owing to structural expansion of merchant discount rate margins.

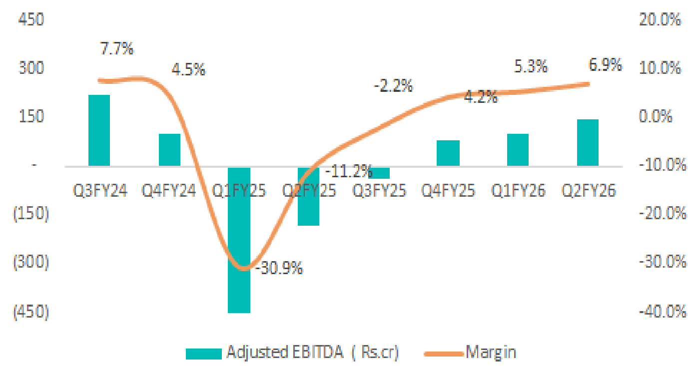
Revenue



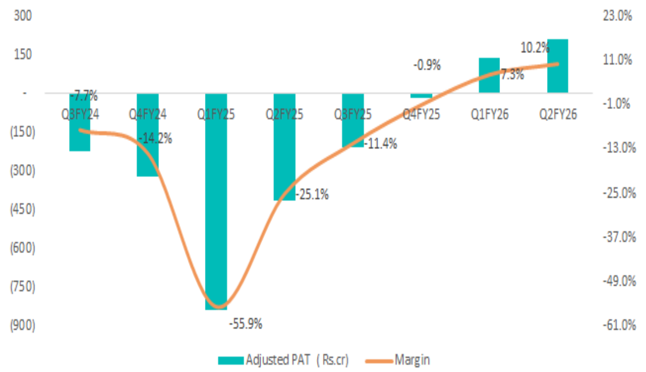
GMV



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	**FY26E**	**FY27E**	**FY26E**	**FY27E**	**FY26E**	**FY27E**
Revenue	8,424	9,958	8,518	10,559	*1.1*	*6.0*
EBITDA	396	846	537	1,257	*35.5*	*48.5*
Margins (%)	*4.7*	*8.5*	*6.3*	*11.9*	*160bps*	*340bps*
Adj. PAT	556	1,125	866	1,370	*55.8*	*21.8*
EPS	8.7	17.6	13.6	21.5	*55.8*	*21.8*

Consolidated Financials

Profit & Loss

Y.E March (Rs.cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	**7,990**	**9,978**	**6,900**	**8,518**	**10,559**
% change	*60.6*	*24.9*	*-30.8*	*23.4*	*24.0*
EBITDA	**-1,632**	**-907**	**-1,507**	**537**	**1,257**
% change	*-30.3*	*-44.4*	*66.1*	*-135.6*	*134.2*
Depreciation	485	736	673	679	658
EBIT	**-2,117**	**-1,643**	**-2,179**	**-142**	**599**
Interest	23	24	16	16	17
Other Income	397	276	1,550	853	845
PBT	**-1,743**	**-1,390**	**-645**	**695**	**1,427**
% change	*-26.9*	*-20.2*	*-53.6*	*-207.7*	*105.4*
Tax	34	32	18	30	61
Tax Rate (%)	*-1.9*	*-2.3*	*-2.8*	*4.3*	*4.3*
Reported PAT	**-1,777**	**-1,422**	**-663**	**665**	**1,366**
PAT att. to common shareholders	-1,776	-1,417	-659	658	1,370
Adj.*	-	233	-823	208	-
Adj. PAT	**-1,776**	**-1,184**	**-1,482**	**866**	**1,370**
% change	*-25.7*	*-33.3*	*25.1*	*-158.5*	*58.1*
No. of shares (cr)	63.4	63.5	63.8	63.8	63.8
Adj EPS (Rs.)	**-28.0**	**-18.6**	**-23.2**	**13.6**	**21.5**
% change	*-24.0*	*-33.5*	*24.7*	*-158.4*	*58.1*
DPS (Rs.)	-	-	-	-	-

Balance Sheet

Y.E March (Rs.cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	3,312	4,277	2,077	1,902	2,187
Accts. Receivable	1,238	1,651	1,297	1,457	1,700
Inventories	-	-	-	-	-
Other Cur. Assets	9,437	7,790	13,711	14,215	15,174
Investments	1,577	2,294	2,581	3,927	4,083
Gross Fixed Assets	17,775	24,027	26,630	27,226	27,913
Net Fixed Assets	1,118	1,167	857	774	802
CWIP	7	10	4	5	5
Intangible Assets	95	84	44	44	44
Def. Tax -Net	9	12	11	15	15
Other Assets	1,174	1,408	866	841	819
Total Assets	**17,966**	**18,693**	**21,448**	**23,180**	**24,829**
Current Liabilities	4,485	5,069	6,182	7,214	7,478
Provisions	62	108	91	118	124
Debt Funds	2	-	5	-	-
Other Liabilities	424	217	173	185	199
Equity Capital	63	64	64	64	64
Res. & Surplus	12,952	13,263	14,963	15,621	16,991
Shareholder Funds	13,016	13,327	15,027	15,685	17,055
Minority Interest	-23	-28	-30	-23	-27
Total Liabilities	**17,966**	**18,693**	**21,448**	**23,180**	**24,829**
BVPS	205	210	236	246	267

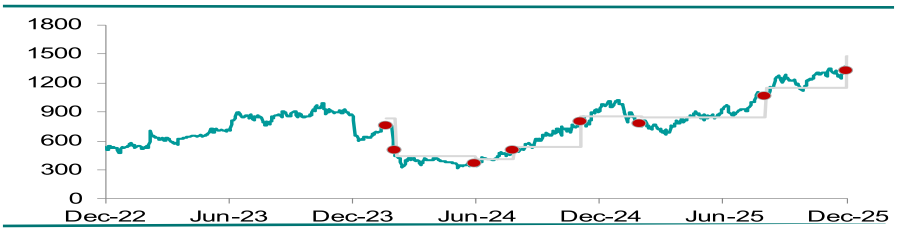
Cashflow

Y.E March (Rs.cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	-1,291	-681	14	1,337	2,028
Non-cash adj.	2,151	2,022	-208	-869	-952
Other adjustments	-	-	-	-	-
Changes in W.C	-445	-690	73	-54	-118
C.F. Operation	**416**	**651**	**-121**	**414**	**958**
Capital exp.	-697	-812	-317	-596	-686
Change in inv.	2,967	569	-6,831	-	-
Other invest.CF	355	561	5,104	-	-
C.F - Investment	**2,626**	**318**	**-2,043**	**-596**	**-686**
Issue of equity	-1,055	1	2	-	-
Issue/repay debt	-	-	-	-5	-
Dividends paid	-	-	-	-	-
Other finance.CF	-57	-23	-54	12	13
C.F - Finance	**-1,112**	**-22**	**-53**	**7**	**13**
Chg. in cash	1,929	947	-2,217	-175	285
Closing Cash	**3,312**	**4,277**	**2,077**	**1,902**	**2,187**

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	-20.4	-9.1	-21.8	6.3	11.9
EBIT margin (%)	-26.5	-16.5	-31.6	-1.7	5.7
Net profit mgn.(%)	-22.2	-14.2	-9.5	7.7	13.0
ROE (%)	-13.6	-10.7	-4.4	4.2	8.0
ROCE (%)	-16.3	-12.4	-14.5	-0.9	3.5
W.C & Liquidity					
Receivables (days)	56.5	60.4	68.6	62.4	58.8
Inventory (days)	-	-	-	-	-
Payables (days)	85.9	63.7	97.8	110.0	110.2
Current ratio (x)	3.1	2.7	2.8	2.4	2.5
Quick ratio (x)	1.3	1.6	0.8	0.7	0.8
Turnover &Leverage					
Gross asset T.O (x)	0.5	0.5	0.3	0.3	0.4
Total asset T.O (x)	0.4	0.5	0.3	0.4	0.4
Int. covge. ratio (x)	-90.8	-67.6	-132.9	-8.9	35.0
Adj. debt/equity (x)	-	-	-	-	-
Valuation					
EV/Sales (x)	4.6	2.1	6.9	9.8	7.8
EV/EBITDA (x)	n.m.	n.m.	n.m.	155.0	66.0
P/E (x)	n.m.	n.m.	n.m.	98.2	62.1
P/BV (x)	3.1	1.9	3.3	5.4	5.0

Recommendation Summary - (last 3 years)



Dates	Rating	Target
23-Jan-24	HOLD	828
07-Feb-24	REDUCE	445
04-Jun-24	HOLD	410
30-Jul-24	HOLD	540
06-Nov-24	ACCUMULATE	854
03-Feb-25	HOLD	845
06-Aug-25	HOLD	1,154
05-Dec-25	HOLD	1,481

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition: ▲ Upgrade ● No Change ▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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