



May 7, 2023

**BSE Limited**

Department of Corporate Services,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai - 400 001

Scrip Code: 543396

**National Stock Exchange of India Limited**

The Listing Department,  
Exchange Plaza,  
Bandra Kurla Complex,  
Mumbai - 400 051

Symbol: PAYTM

**Sub.: Earnings Conference Call - Presentation**

Dear Sir / Ma'am,

In furtherance to our letter dated May 6, 2023, please find enclosed copy of the presentation made during the earnings conference call held on Saturday, May 6, 2023.

This presentation will also be hosted on the Company's website viz. <https://ir.paytm.com/financial-results>.

Kindly take the same on record.

Thanking you,

Yours Sincerely,  
For **One 97 Communications Limited**

**Madhur Deora**  
**Executive Director, President and Group CFO**

*Encl.: As above*

## **Letter from our Founder & CEO**

**Dear Shareholders,**

I am very happy to announce our second quarter of EBITDA (before ESOP cost) profitability. Our next milestone is to make Paytm free cashflow positive in near future. This has been possible by disciplined resource allocation and focusing on what has become our core revenue and growth driver – Payments and financial services distribution business.

I am very proud of our team which has delivered such amazing results through their clinical focus on execution and quality business metric. Our focus on quality revenues, has led to more rupee to bottom line and our incremental business continues to generate better margins.

As a responsible payments technology company, we continue to build our business on foundation of strong adherence to compliance, operations risk and regulatory framework. We firmly believe use of inhouse built technology for risk management and controls has become significant competitive advantage and we will continue to invest in this area as a key focus area.

I believe that in 2023, with advent of early-stage AGI (Artificial General Intelligence), we will see more opportunities to bring efficiencies in business and AI-first offerings. Our technology teams have started to see very encouraging results already. I see AGI as something like smartphones 10 years back – very ripe for innovation and very potent to become part of everyday life at scale. As a technology company, we at Paytm, will be at forefront of this revolution.

I am always, very excited for opportunity India offers. We are committed to build world class technology company from India.

Wishing you the best,

Vijay Shekhar Sharma



# Earnings Presentation

For quarter and year ending March 2023

# Disclaimer



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Forward-looking statements and financial projections include, among other things, statements about: our expectations regarding our transaction volumes, expenses, sales and operations; our future merchant and consumer concentration; our anticipated cash needs, our estimates regarding our capital requirements, our need for additional financing; our ability to anticipate the future needs of our merchants and consumers; our plans for future products and enhancements of existing products; our future growth strategy and growth rate; our future intellectual property; and our anticipated trends and challenges in the markets in which we operate. Forward-looking statements are not guarantees of future performance including those relating to general business plans and strategy, future outlook and growth prospects, and future developments in its businesses and its competitive and regulatory environment. These forward-looking statements represent only the Company’s current intentions, beliefs or expectations, and no representation, warranty or undertaking, express or implied, is made or assurance given that such statements, views, projections or forecasts in the Presentation, if any, are correct or that any objectives specified herein will be achieved.

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## Use of Operating Metrics

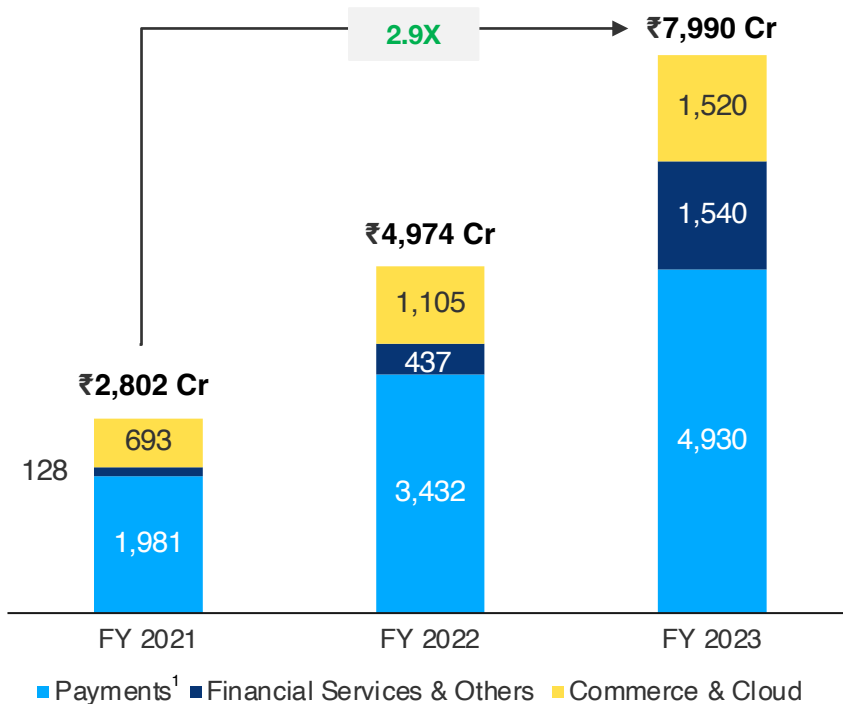
The operating metrics reported in this Presentation are calculated using internal Company data based on the activity of our merchants, consumers and other participants in our ecosystem. While these numbers are based on what we believe to be reasonable estimates of engagement, for the applicable period of measurement, there are inherent challenges in measuring usage across our large online, offline, in-store and mobile presence. The methodologies used to measure these metrics require significant judgment and are also susceptible to algorithm or other technical errors. We regularly review our processes for calculating these metrics, and from time to time we may discover inaccuracies in our metrics or may make adjustments to improve their accuracy, which can result in adjustments to previously disclosed metrics. In addition, our metrics will differ from estimates published by third parties due to differences in methodology.

We have converted financial amounts from ₹ millions into ₹ Cr and hence there could be some totaling anomalies in the numbers.

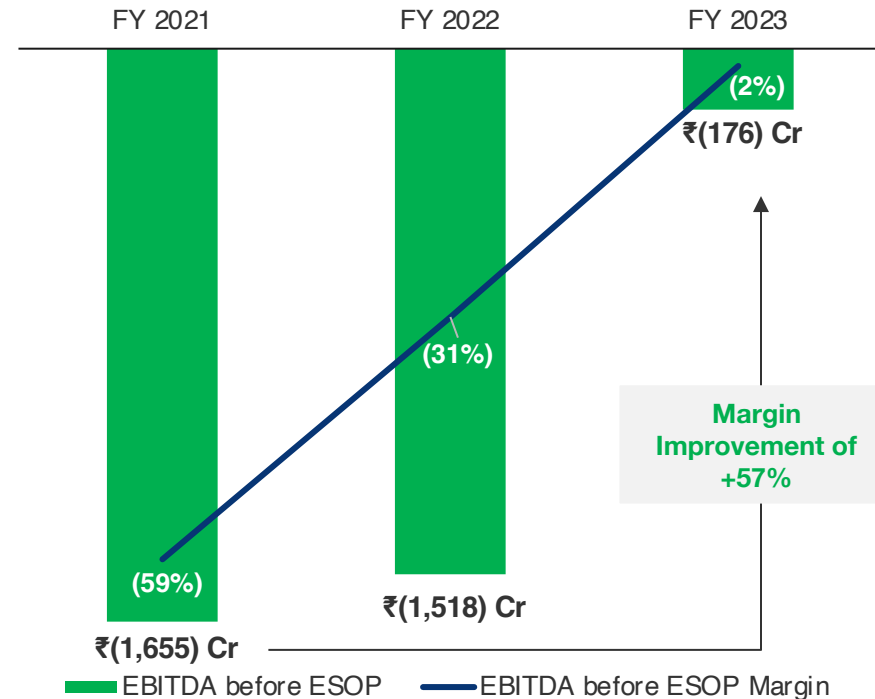
# FY 2023: Revenue of ₹7,990 Cr, growing 61% YoY; EBITDA before ESOP improvement of ₹1,342 Cr



Revenue growth of 61% YoY



EBITDA before ESOP improved by ₹1,342 Cr YoY



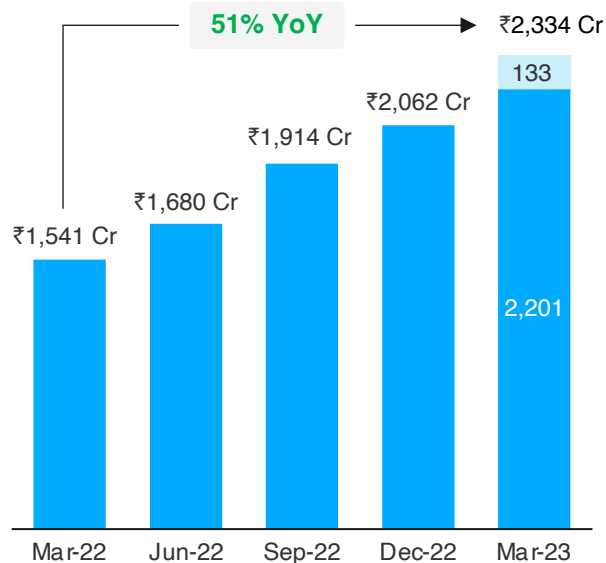
Notes:

<sup>1</sup> Includes Other Operating revenue, as it relates to the Payments business. Other Operating Revenue was nil in FY 2021, ₹12 Cr in FY 2022 and ₹86 Cr in FY 2023

# Led by revenue growth and 100% increase in UPI incentives, EBITDA before ESOP at ₹234 Cr for Q4 FY 2023

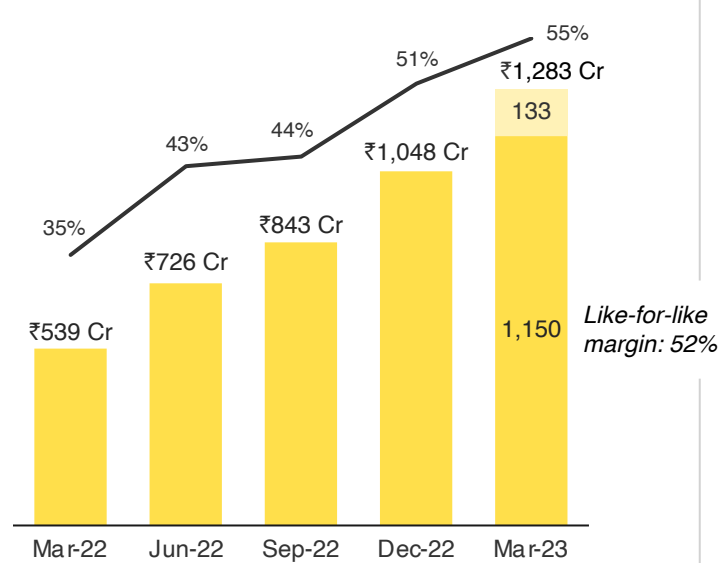


Revenue growth of 51% YoY



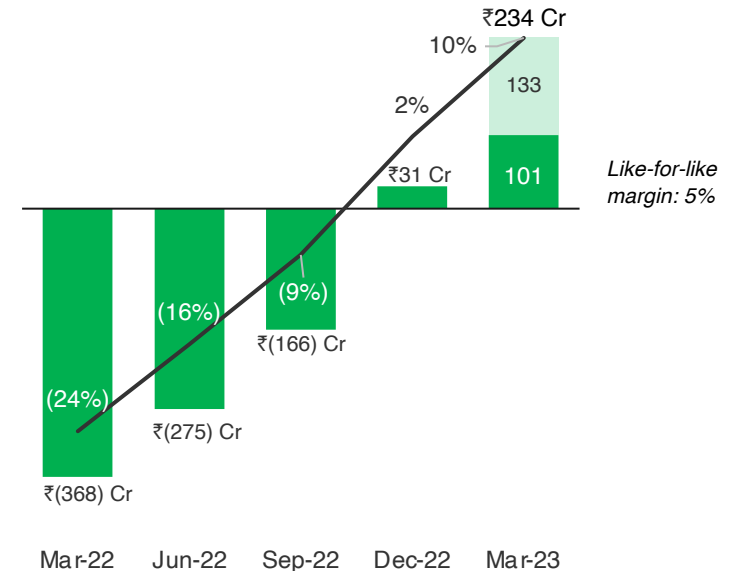
■ Total Revenue  
■ UPI incentives for Q1-Q3 FY 2023

Contribution Profit growth of 138% YoY  
Margin improvement of +20% YoY



■ Contribution Profit  
■ UPI incentives for Q1-Q3 FY 2023  
— Contribution Margin

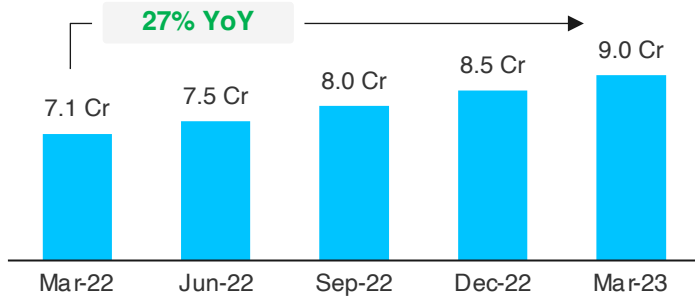
EBITDA before ESOP improved by ₹602 Cr YoY  
Margin improvement of +34% YoY



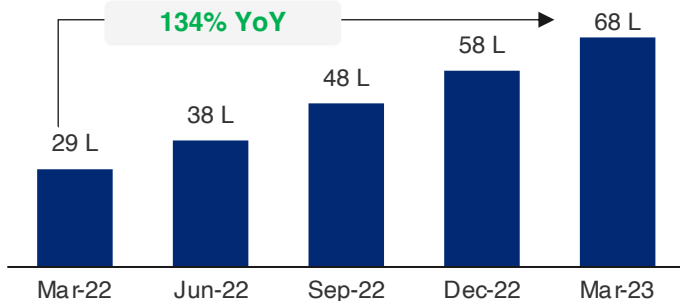
■ EBITDA before ESOP  
■ UPI incentives for Q1 – Q3 FY 2023  
— EBITDA before ESOP Margin

# Scaling the core business model of Payments and Loan Distribution & Collection

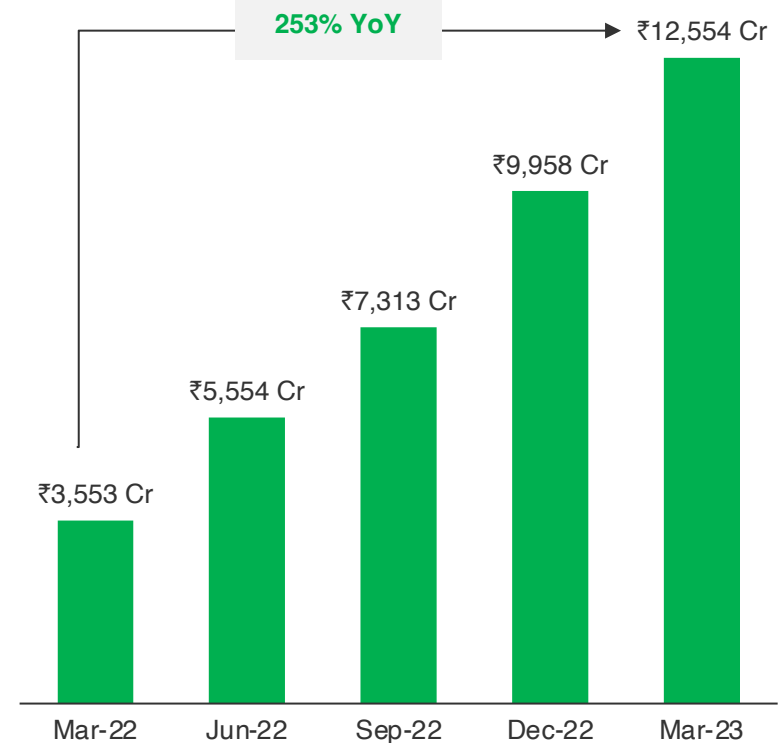
### Average Monthly Transacting Users



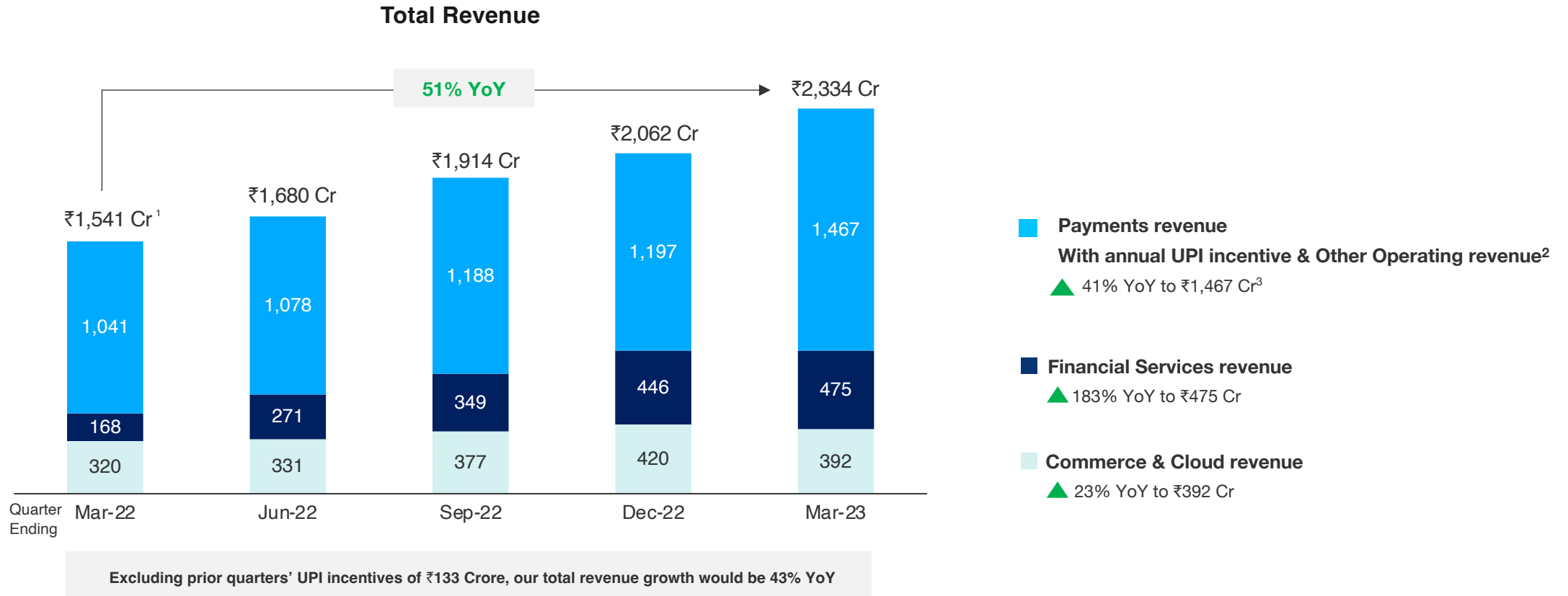
### Merchant Subscriptions (including payment devices) In Lakhs



### Total Value of Loans distributed through Paytm



# Revenue growth driven by Payment and Financial Service businesses



**Notes:**

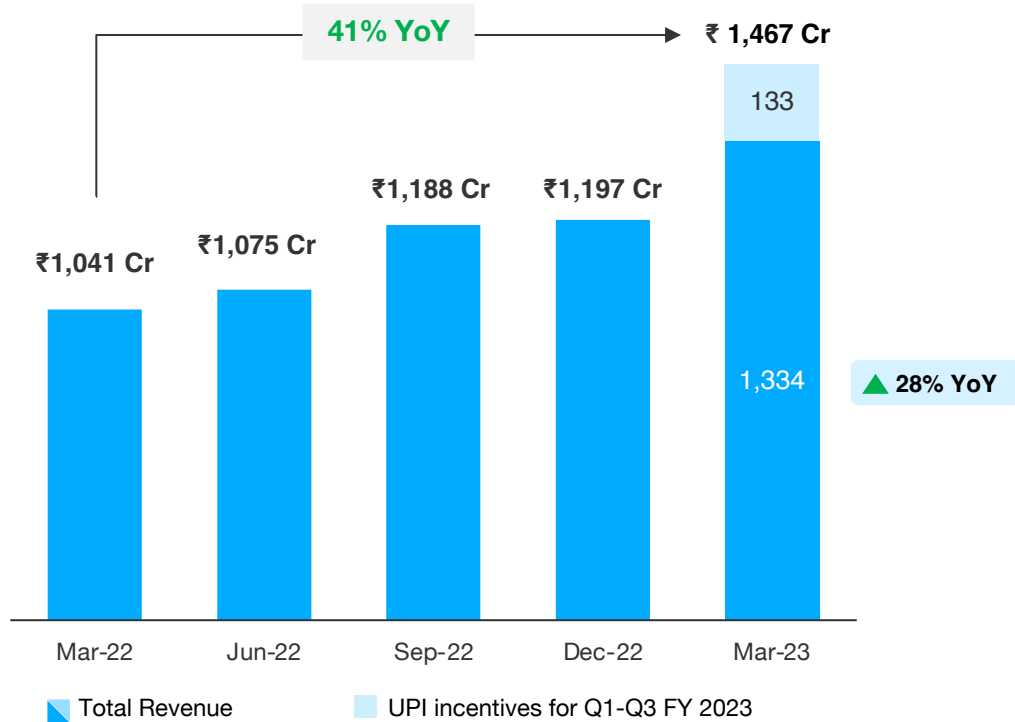
- 1 Total revenue for March 2022 of ₹1,541 Cr includes ₹12 Cr of Other Operating Revenue
- 2 Total Payments revenue includes Other Operating Revenue (which is related to the Payments business) and was ₹25 Cr in Q4 FY 2023, ₹44 Cr in Q3 FY 2023, ₹15 Cr in Q2 FY 2023, ₹2 Cr in Q1 FY 2023 and ₹12 Cr in Q4 FY2022
- 3 Excluding prior quarters' UPI incentives, total payments revenue growth would be 28% YoY



# Continued revenue growth in payments with improved profitability



## Total Payments Revenue



## Net Payment Margin

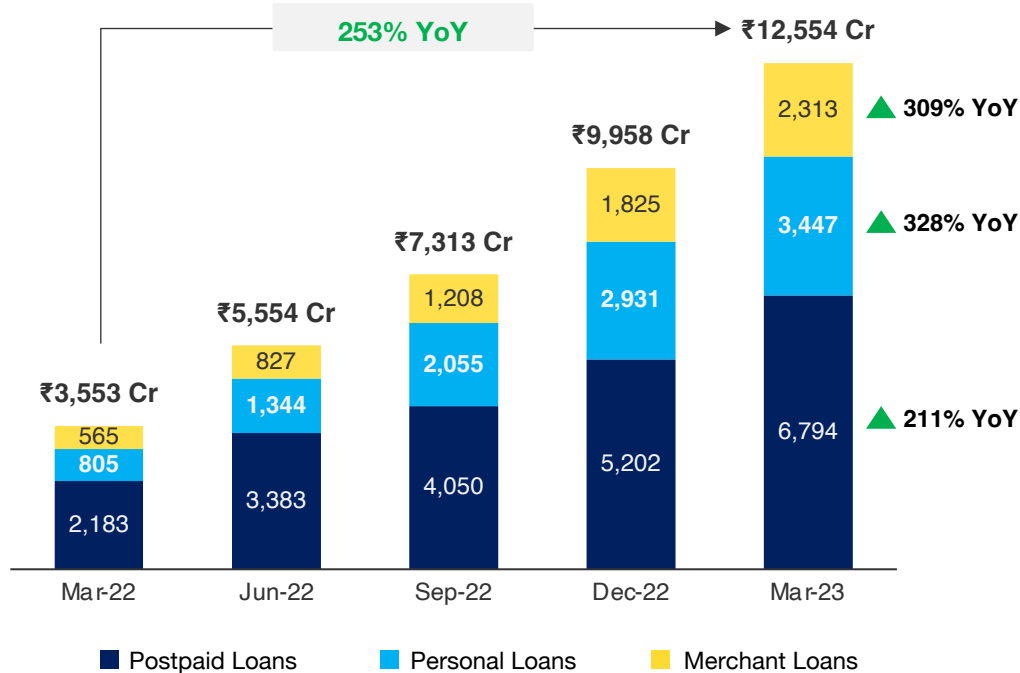
(in ₹ Cr)	Mar-22	Mar-23	YoY %
Like-for-like Payments Revenue	1,041	1,334	28%
Payment Processing Charges	(774)	(780)	1%
Like-for-like Net Payments Margin	266	554	108%
Add: UPI incentive for three quarters	NA*	133	--
Reported Net Payments Margin	266	687	158%

- On a like-for-like basis (i.e., excluding prior quarters' UPI incentives), Net Payments Margin for Q4 would have been ₹554 Cr, up 108% YoY
- Net Payment Margin is comprised of :
  - Net Payment Processing Margin** : Net money we make from charging merchants & consumers to process various payment instruments remains in higher end of 7 to 9 bps guideline that we have provided.
  - Merchant Subscription** : Charges merchant pays for various monthly services including device charges: 68 Lakh subscription paying merchant

# Continued momentum in consumer & merchant loan distribution along with improving portfolio quality



## Value of loans distributed through Paytm platform



	Postpaid	Personal Loan	Merchant Loan
Penetration <sup>1</sup> as of Q4 FY 2023	4.3% of MTU	0.9% of MTU	5.9% of device merchants

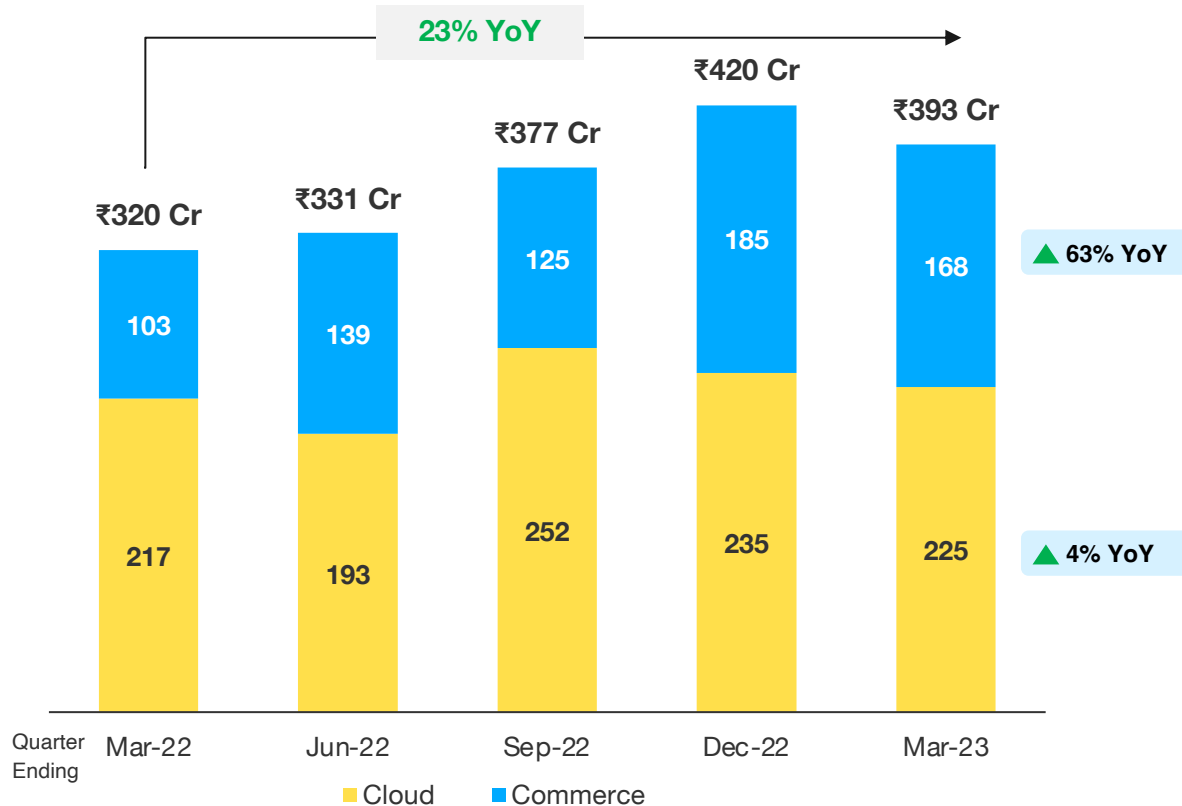
### Indicative portfolio performance for our partners

<ul style="list-style-type: none"> <li>Augmented through advanced machine learning models</li> </ul>	Bounce Rates	10.5% to 12.0%	10.75% to 11.75%	NA
<ul style="list-style-type: none"> <li>Helping lending partners scale with risk-based pricing</li> </ul>				
<ul style="list-style-type: none"> <li>Own collection technology platform aiding digital collections</li> </ul>	Bucket 1 Resolution %	82% to 84%	88% to 92%	80% to 85%
<ul style="list-style-type: none"> <li>Lower operating expenses and scaling well</li> </ul>				
<ul style="list-style-type: none"> <li>Capacity enhancement with increase in employees and over 50 tie ups with on ground collection partners</li> </ul>	Recovery Rate Post 90+	30% to 35%	27% to 29%	30% to 35%
<ul style="list-style-type: none"> <li>Steady loss rates on static pool in line with Low and Grow model of scaling</li> </ul>	Expected credit loss (ECL%)	0.75% to 1.0%	4.5% to 5.0%	5.0% to 5.5%

<sup>1</sup>Calculation of penetration

Postpaid: Avg monthly number of loans in a quarter as a % of that quarter's avg MTU; Personal Loans: Number of loans disbursed in last 12 months as a % of avg MTU in Q4 FY 2023; Merchant loans: Number of loans disbursed in last 12 months as % of devices deployed at end of Q4 FY 2023

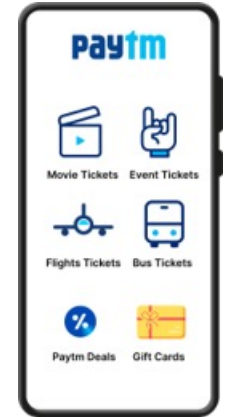
# Commerce & Cloud: Enabling Commerce for merchants and Co-Branded Credit Cards driving growth



## Commerce

We sell travel, movies and event ticketing and deals, gift vouchers to customers

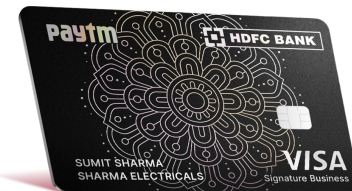
- Commerce services GMV was ₹2,185 Cr, up 22% YoY
- While sequentially lower QoQ, seasonally high volume of events in the entertainment business (high take-rates but also higher direct costs), which has resulted in take rate inching to 8%. Excluding events business, take rate was stable within our guided range of 5-6%



## Cloud

We offer advertising, marketing loyalty services to various enterprises and distribute co-branded credit cards

- Co-branded credit cards continue to scale well; total 5.9 Lakh activated cards as of March 2023
- On year-on-year basis, we saw growth in co-branded credit card distribution, while decrease in marketing cloud business
- Launching soon – Co-Branded RuPay Credit Card.



# Growth Drivers in Our Business



1. We recently launched our new technology platform, built with 100% indigenously developed technology and capable of carrying out **10x more transactions than current scale**
2. Launched **4G-enabled Soundbox 3.0**, a first-of-its-kind device that offers the fastest real-time payment alerts, along with best-in-industry battery backup of 7 days.
3. Upgraded, **Dynamic QR Devices** portfolio - A Billing POS integrated QR device for enterprises.
4. As pioneers of mobile and QR payments in India, we were the first app to launch **UPI Lite** in India. Since launch in February 2023, we have enabled it for more than 55 Lakh users.
5. With long awaited, **wallet interoperability going live**, It will allow Full KYC **Paytm Wallets to be universally acceptable** on all UPI QRs and online merchants.
6. We continue to integrate large NBFCs and Banks to **expand financial product distribution** through Paytm platform.
7. To capitalize on the **Mobile Payments opportunity** in India, we continue to invest in expanding merchant acquiring sales infrastructure and consumer growth.





# Annexure

# Revenue breakdown: Overall growth of 51% YoY



(in ₹ Cr)	Quarter Ended			Change		Financial Year Ended		
	Mar-22	Dec-22	Mar-23	YoY	QoQ	Mar-22	Mar-23	Y-o-Y
Payments & Financial Services	1,209	1,599	1,918	59%	20%	3,858	6,385	66%
Payment Services to Consumers	469	513	524	12%	2%	1,529	2,105	38%
Payment Services to Merchants	572	640	918	61%	43%	1,892	2,739	45%
Financial Services and Others	168	446	475	183%	7%	437	1,540	252%
Commerce & Cloud Services	320	420	392	23%	(7%)	1,105	1,520	38%
Commerce	103	185	168	63%	(9%)	374	615	65%
Cloud	217	235	225	4%	(4%)	731	905	24%
Other Operating Revenue	12	44	25	105%	(44%)	12	86	615%
<b>Revenue from Operations</b>	<b>1,541</b>	<b>2,062</b>	<b>2,334</b>	<b>51%</b>	<b>13%</b>	<b>4,974</b>	<b>7,990</b>	<b>61%</b>

# Contribution Profit up by 138% YoY in Q4 FY 2023



(in ₹ Cr)	Quarter Ended			Change		Financial Year Ended		
	Mar-22	Dec-22	Mar-23	YoY	QoQ	Mar-22	Mar-23	Y-o-Y
<b>Revenue from Operations</b>	<b>1,541</b>	<b>2,062</b>	<b>2,334</b>	<b>51%</b>	<b>13%</b>	<b>4,974</b>	<b>7,990</b>	<b>61%</b>
Payment processing charges	774	738	780	1%	6%	2,754	2,958	7%
<i>As % of GMV</i>	<i>0.30%</i>	<i>0.21%</i>	<i>0.22%</i>	(8 bps)	1 bp	<i>0.32%</i>	<i>0.22%</i>	(10bps)
Promotional cashback & incentives	118	91	78	(34%)	(14%)	378	502	33%
Other Expenses	110	186	193	75%	4%	344	630	83%
<b>Total Direct Expenses</b>	<b>1,002</b>	<b>1,015</b>	<b>1,051</b>	<b>5%</b>	<b>4%</b>	<b>3,476</b>	<b>4,090</b>	<b>18%</b>
<b>Contribution Profit</b>	<b>539</b>	<b>1,048</b>	<b>1,283</b>	<b>138%</b>	<b>23%</b>	<b>1,498</b>	<b>3,900</b>	<b>160%</b>
<i>Contribution Margin %</i>	<i>35.0%</i>	<i>50.8%</i>	<i>55.0%</i>	<i>+20%</i>	<i>+4%</i>	<i>30.1%</i>	<i>48.8%</i>	<i>+19%</i>

# EBITDA before ESOP cost improved by ₹602 Cr YoY in Q4



(in ₹ Cr)	Quarter Ended			Change		Financial Year Ended		
	Mar-22	Dec-22	Mar-23	YoY	QoQ	Mar-22	Mar-23	Y-o-Y
<b>Contribution Profit</b>	<b>539</b>	<b>1,048</b>	<b>1,283</b>	<b>138%</b>	<b>23%</b>	<b>1,498</b>	<b>3,900</b>	<b>160%</b>
<i>Contribution Margin %</i>	<i>35.0%</i>	<i>50.8%</i>	<i>55.0%</i>	<i>+20%</i>	<i>+4%</i>	<i>30.1%</i>	<i>48.8%</i>	<i>+19%</i>
Marketing	131	136	127	(3%)	(7%)	477	574	20%
Employee cost (excl ESOPs)	502	584	614	22%	5%	1,623	2,323	43%
Software, cloud and data center	151	171	188	25%	10%	500	694	39%
Other indirect expenses	122	126	121	(1%)	(4%)	416	485	17%
<b>Total indirect expenses</b>	<b>907</b>	<b>1,016</b>	<b>1,049</b>	<b>16%</b>	<b>3%</b>	<b>3,016</b>	<b>4,076</b>	<b>35%</b>
<b>EBITDA before ESOP cost</b>	<b>(368)</b>	<b>31</b>	<b>234</b>	<b>(164%)</b>	<b>648%</b>	<b>(1,518)</b>	<b>(176)</b>	<b>(88%)</b>
<i>EBITDA before ESOP cost Margin %</i>	<i>(23.9%)</i>	<i>1.5%</i>	<i>10.0%</i>	<i>+34%</i>	<i>+9%</i>	<i>(30.5%)</i>	<i>(2.2%)</i>	<i>+28%</i>



# Reconciliation of Non-GAAP Measures

## EBITDA before ESOP cost

(in ₹ Cr)	Quarter Ended			Financial Year Ended	
	Mar-22 (Unaudited)	Dec-22 (Unaudited)	Mar-23 (Unaudited)	Mar-22 (Audited)	Mar-23 (Audited)
EBITDA before ESOP cost (A)	(368)	31	234	(1,518)	(176)
ESOP cost (B)	(362)	(362)	(363)	(809)	(1,456)
Initial Public Offer expenses (C)	0	0	0	(13)	0
Finance costs (D)	(7)	(5)	(7)	(39)	(23)
Depreciation and amortization expense (E)	(95)	(124)	(160)	(247)	(485)
Other income (F)	108	78	130	290	410
Share of profit / (loss) of associates / joint ventures (G)	(38)	5	(2)	(46)	(13)
Exceptional items (H)	0	0	0	(2)	0
Income Tax expense (I)	(1)	(15)	1	(11)	(34)
Loss for the period (J=Sum of A to I)	(763)	(392)	(168)	(2,396)	(1,776)

# Operational KPIs



(in ₹ Cr)	Units	Quarter Ended			Change		Financial Year Ended	
		Mar-22	Dec-22	Mar-23	YoY	QoQ	Mar-22	Mar-23
GMV	₹ Lakh Cr	2.6	3.5	3.6	40%	5%	8.5	13.2
Merchant Transactions	Creore	414	628	685	65%	9%	1,260	2,401
Total Transactions	Creore	503	763	835	66%	9%	1,540	2,900
MTU (avg over the period)	Creore	7.0	8.5	9.0	27%	6%	6.0	8.2
Registered Merchants (end of period)	Creore	2.7	3.1	3.4	na	na	2.7	3.4
Number of Loans Disbursed	'000	6,544	10,473	11,910	82%	14%	15,232	40,052
Value of Loans	₹ Cr	3,553	9,958	12,554	253%	26%	7,623	35,378
Payment Devices (cumulative; end of period)	Lakh	29	58	68	na	na	29	68
Average number of Sales Employees*	#	19,648	25,994	28,479	na	na	13,344	24,208
Cost of sales employees (including training)	₹ Cr	151	178	186	23%	5%	444	697

Note: Starting Q4 FY 2023, we would be reporting our active Sales headcount. We have restated numbers for prior quarters for like-for-like comparison. Number of sales employees includes on-roll and off-rolls employees. Cost relates to on-roll employees only  
 As our business model gets established and has achieved scale, we will discontinue monthly disclosures of operating metrics starting September 2023. However, we will continue with the disclosures on a quarterly basis.

# Definitions for Metrics & Key Performance Indicators



Metric	Definition
GMV	GMV is the rupee value of total payments made to merchants through transactions on our app, through Paytm Payment Instruments or through our payment solutions, over a period. It excludes any consumer-to-consumer payment service such as money transfers.
Monthly Transacting User (MTU)	Unique users with at least one successful transaction in a particular calendar month
Contribution Profit	Contribution profit is a non-GAAP financial measure. We define Contribution profit as revenue from operations less payment processing charges, promotional cashback & incentives expenses, connectivity & content fees, contest, ticketing & FASTag expenses & logistic, deployment & collection cost of our businesses.
Net Payments Margin	Payments revenues (including other operating revenue) less payments processing charges
EBITDA before ESOP cost	EBITDA before ESOP cost is a Non-GAAP financial measure. We define EBITDA before ESOP cost as our profit for the period, before depreciation & amortization expense, income tax expense, share based payment expense, finance costs, other income, loss for the period from discontinued operations, exceptional items, IPO expenses & share of profit/(loss) of associates/joint ventures.



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