



December 6, 2023

BSE Limited

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

National Stock Exchange of India Limited

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

Scrip Code: 543396

Symbol: PAYTM

Sub.: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Investors / Analysts call - Presentation

Dear Sir / Ma'am,

In furtherance to our letter dated December 3, 2023 and in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed copy of the presentation to be made during the Investors / Analysts call scheduled today i.e., December 6, 2023.

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

Kindly take the same on record.

Thanking you,

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

Sunil Kumar Bansal
Company Secretary & Compliance Officer

Encl. as Above

Update on Loan Distribution Business

December 2023

Disclaimer



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Forward-looking statements and financial projections are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and

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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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change and past performance is not indicative of future results. This document has not been and will not be reviewed or approved by a regulatory authority in India or by any stock exchange in India. No rights or obligations of any nature are created or shall be deemed to be created by the contents of this Presentation.
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.

Expanding Loan Distribution business by offering higher ticket loans



- Good demand seen in higher ticket (₹3-7 lacs) low risk Personal and Merchant Loans
- On back of recent macro development and regulatory guidance related to <₹50,000 loans, in consultation with our lending partners, we will reduce <₹50,000 loans and expand to higher ticket loans segment
- Merchant Loan is extended to MSME as a business loan and hence doesn't get impacted because of recent regulatory guidance
- Minimal or no impact on take rate for Personal Loan and Merchant Loan

Value of <₹50,000 loans as % of disbursements

	Postpaid	Personal Loan	Merchant Loan
Target Segment	Consumer	Consumer	Business
Q4 FY 2023	78% to 81%	7% to 9%	5% to 7%
Q1 FY 2024	75% to 78%	5% to 7%	3% to 5%
Q2 FY 2024	72% to 75%	3% to 5%	4% to 6%
Oct + Nov 2023	70% to 73%	3% to 5%	4% to 6%

Continue to build Loan Distribution business on the foundation of portfolio quality



Proactive risk calibration (since Q3 FY 2023) along with our lending partners, leading to better portfolio metrics

- Increased focus on cross-selling to existing loan users who have demonstrated good repayment behavior – this is now contributing more than 60% of new disbursements
- Sharpened cohort based strategy, especially in consumer loans
- Significant reduction of <₹50,000 Personal Loan since Q4 FY 2023, basis early insights
- Rationalised locations basis payment trends and broader industry portfolio performance with lenders
- Lenders risk models have increased risk weight for consumer leverage & number of loans
- Continuous bottom scraping of portfolio across all products

Indicative portfolio performance for our partners

	Postpaid	Personal Loan	Merchant Loan
Q3 FY 2023			
Bounce Rates	11% to 13%	11.5% to 12.5%	NA
Bucket 1 Resolution	81% to 83%	89% to 92%	84% to 87%
Recovery Rate Post 90+	25% to 27%	27% to 29%	31% to 33%
Expected credit loss (ECL)	1.1% to 1.3%	4.5% to 5.0%	5.0% to 5.5%
Q2 FY 2024			
Bounce Rates	9.5% to 10.75%	10.25% to 11.25%	NA
Bucket 1 Resolution	82% to 84%	88% to 92%	78% to 83%
Recovery Rate Post 90+	30% to 35%	27% to 29%	30% to 35%
Expected credit loss (ECL)	0.65% to 0.85%	4.5% to 5.0%	4.75% to 5.25%

Expanding Lending Partner base



- In Q3 FY2024, we launched high ticket Personal Loan and Merchant Loan in partnership with Banks and NBFCs with encouraging early trends
- Drive Merchant Loan growth as they are MSME loan contributors and has seen improved asset quality
- On back of recent macro development and regulatory guidance related to <₹50,000 loans, in consultation with our lending partners, we will reduce <₹50,000 loans
- Currently we have 7 NBFC partners for loan distribution and are in the process of integrating 1 large Bank and 2 large NBFCs, which would be completed during Q4 FY 2024 and Q1 FY 2025
- We now have 3 credit card partners and integration with one more bank is in process, with key focus on Rupay Credit cards



Summary



- Given the **strong portfolio performance** and widespread acceptance of loan distribution, we are **adding newer forms of loan offerings** with a focus on driving a healthy portfolio for lending partners
- Expanded offering to include **higher ticket** personal and merchant loans to **lower risk and high credit-worthy customers**
- On the back of **recent macro development and regulatory guidance**, in consultation with our lending partners, will **reduce less than ₹50,000** loan distribution and **expand higher ticket** loan distribution
- **Expanding lending partner base**: in the process of integrating 1 large Bank and 2 large NBFCs, which would be completed in next two quarters