

Shareholder Letter

Dear Shareholders

FY 2024 has been a landmark year for the company as we achieved our first full year of EBITDA before ESOP profitability (since IPO) of ₹559 Cr. We demonstrated strong revenue momentum (up 25%) and continued our disciplined focus on profitability (EBITDA before ESOP margin up by 8%), in spite of regulatory action on our associate entity, Paytm Payment Bank Ltd. (PPBL).

I am happy to share that we have successfully transitioned our core payment business from PPBL to other partner banks. This move de-risks our business model and also opens up new opportunities for long-term monetization, given our platform's strength around customer and merchant engagement. It has been possible in such a short period of time with extensive support from the Regulator, NPCI, Bank partners and our committed team mates. The unwavering commitment of our government and regulator to support innovation and financial inclusion, keeps us true to our mission and committed to our long-term sustainable growth opportunity.

We expect near-term financial impact to our revenue and profitability, due to disruptions faced in our business in Q4. This includes steady state impact due to pausing of PPBL wallet. We had also paused a few other payments and loan products to our customers during the last quarter, and I am happy to share that many such products have been restarted or in the process of starting soon.

Led by capabilities of AI and focussing on core business, we are also working on significant cost efficiencies including leaner organization structure. Our ongoing experiments and learnings in AI promise to revolutionize customer and merchant care for the financial industry, while also unlocking new avenues for revenue generation and cost savings. We anticipate tangible results from these initiatives in the coming quarters, further bolstering our competitive advantage in the market.

We are fully committed towards building our business according to regulatory compliances and prudent operations risk policies.

We are also taking various steps to strengthen the governance framework across our group entities (especially regulated entities) by appointing subject matter experts as advisors or independent directors, reviewing various processes etc. I am ensuring that we have greater regulatory engagement and have higher focus on compliance, in letter and in spirit.

I am proud of the talent we have in our company, the culture of resilience and entrepreneurship. We remain more committed than ever towards growth, profitability, and maintaining robust governance and compliance.

Regards,
Vijay Shekhar Sharma