

Paytm's restructuring of e-commerce, payments unit helps cut losses by 40 percent

By [Maverick Martins](#) - 12 January 2018

One97 Communications, the parent firm of India's largest digital wallet Paytm managed to reduce its losses by almost 40 percent due to the restructuring exercise taken by the firm of separating its digital payments and e-commerce entities.



Paytm- Facebook

In the last financial year 2015-16, the company had reported losses of Rs 1548 crore (approx 237.6 million) attributing it mainly due to its e-commerce business. The company last year had separated its e-commerce unit into a separate entity called Paytm Mall.

The transferring of assets helped One97 Communications concentrate solely on its payments business which witnessed a surge post demonetisation and digital India initiatives of the government. The parent firm also received Rs 620 crore as part of the transfer.

The losses for the financial year 2016-17 were down by 40 percent to Rs 900 crore (approx \$142 million) from the Rs 1548 crore (approx 237.6 million) in the previous fiscal 16 with revenue of Rs 869 crore (approx \$134.6 million), according to the company's filings with the Registrar of Companies (RoC) sourced through Tofler by Economic Times.

The company's e-commerce entity Paytm Mall had posted a total loss of Rs 13.63 crore (approx \$2.1 million) between August 2016 and March 2017 with a total revenue of Rs 7.34 crore. It had attributed the losses to employee benefits.

It is a known fact that despite being India's top digital payments firm and leading e-commerce firm Paytm has been running its losses since inception. The company's founder Vijay Shekhar Sharma had earlier said that, "The Company is running with losses of roughly \$200 million in a year at the cash flow level. We are willing to take that for the next 5-6 years".

Paytm has strong backing from two of the world's biggest investors in Japan's SoftBank Group which recently infused of \$1.4 billion in the firm & its long-time partner Alibaba who are both in it for a long term giving Paytm the liberty to operate to focus on customer acquisition without thinking too much about the losses.

Paytm is targeting 500 million customers over the next 3 years and willing to suffer losses for the same. Currently, the company has around 218 million users.

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