

Paytm September quarter loss widens

Consolidated net loss broadens to ₹4.74 billion as expenses rise; firm says has maintained momentum

REUTERS
NEW DELHI

One 97 Communications Ltd., the parent of fintech firm Paytm, said on Saturday its net loss for the three months through September widened by 8.4% as expenses rose.

Paytm, reporting its earnings publicly for the first time since this month's stock market debut, reported a consolidated net loss of ₹4.74 billion compared with ₹4.37 billion in the same period a year earlier.

Revenue rose 49.7% to ₹11.35 billion.

'Expanded aggressively'
"We have maintained the growth momentum in our payments services business, expanded our financial services business aggressively



Valuation worries: The stock has recouped some of its initial losses but remains 17% below its issue price. ■REUTERS

and are on our way to pre-COVID volumes for Commerce and Cloud services," Paytm's management said in a statement.

Paytm, which counts China's Ant Group and Japan's

SoftBank Group Corp. among its backers, raised \$2.5 billion in what was India's biggest IPO this month, but made a dismal debut on the country's stock exchanges last week.

The stock has recouped some of its initial losses but remains 17% below its issue price.

'Faces stiff challenges'
"Paytm faces stiff challenges in its customer acquisition engine, which would slow down its revenue growth in the core payments business," brokerage JM Financial said in a note to clients a day ahead of Paytm's earnings. "We find valuations rich and the path to profitability fraught with high execution risks in context."

The company said its gross merchandise value from transactions other than a state-backed peer-to-peer payments network, popularly called UPI, grew 52% in the quarter from a year earlier.

Paytm competes with

Google and Walmart Inc.'s PhonePe in India's digital-payments market, and all of these companies offer peer-to-peer payments on UPI.

The company said it was "well funded" with a cash equivalent and investable balance of ₹110 billion including through the initial public offering.

Founder and CEO Vijay Shekhar Sharma has said investors will need time to understand Paytm's business.

Founded in 2010 as a platform for adding credit to mobile phones, Paytm grew rapidly after U.S. ride-hailing firm Uber Technologies Inc. listed it as a quick payment option in India. Its use jumped in 2016 when India suddenly banned high-value currency notes, boosting digital payments.