

Amazon to invest ₹4,470 cr in India biz

The funding will help the US e-tailer take on Flipkart as well as competition from the yet-to-be-launched e-com business of RIL

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As Amazon's India unit cuts losses further in its fight for supremacy in the country's growing online commerce market, the e-tailer is pumping in more funds in its India units to turbocharge the company in this festive season. According to regulatory filings, Amazon has decided to infuse about ₹4,472.5 crore in its various business entities in India, including seller services, digital payments, and retail. The funding is expected to help Jeff Bezos-led firm take on Walmart-owned Flipkart, with which it is in a fierce battle for dominance in India's online retail market as well as competition from the yet to be launched e-commerce business of Mukesh Ambani-led Reliance Industries. The company's online marketplace arm, Amazon Seller Services, has raised ₹3,400 crore by allotting 3.4-billion equity shares of ₹10 each to the existing shareholder on the right basis, according to the regulatory documents filed by Amazon, which were sourced from Paper.vc.



AT A GLANCE

Fresh investments

■ Amazon Seller Services Private Limited has raised **₹3,400 crore**

■ Amazon Pay India Private Limited has got **₹900 crore**

■ Amazon Retail India Private Limited has raised **₹172 crore**

Losses

■ Amazon faced losses in many of its business entities in India for FY19

■ The combined losses of the entities stand at over **₹7,000 crore**

The resolution for this capital infusion was passed by the board of directors of Amazon Seller Services on October 14. The allottees were Amazon Corporate Holdings and Amazon.com,Incs. The same allottees have invested ₹900 crore in Amazon Pay India, the digital payments arm of the online retail giant, in exchange for 900-million equity shares of ₹10 each to the existing shareholder on the right basis. The resolution for this capital infusion was passed by the board of directors of Amazon Pay India on October 17. The same day a resolution was passed for

Amazon Retail India to raise ₹172.50 crore by allotting 172.5 million equity shares of ₹10 each to the existing shareholder on the rights basis. The allottees again were Amazon Corporate Holdings and Amazon.com, Incs. According to experts, players such as Amazon and Walmart have invested enough in India to be serious contenders and are unlikely to cut back growth-oriented investments. “E-commerce is a deep pocket game, given cash burns and it takes time for businesses to turn profitable and for habit-forming (for consumers). As they (Amazon) are getting into new-

er segments like groceries and payments, they will need to deploy more growth capital,” said Ankur Pahwa, partner and national leader, e-commerce and consumer internet at EY India. “Because they are growing and expanding rapidly, while there will be efficiencies, the losses would continue to increase due to the growth driven spends.” Interestingly, US Commerce Secretary Wilbur Ross at the recently concluded World Economic Forum's India Summit hinted that Amazon is cutting back on its spending in India, which was a third of what it spent in India last year, owing to uncertainties around the e-commerce policy. “Certainly there is an issue due to the lack of clarity of the e-commerce policy and when it would be implemented and there is an obvious concern about it. But having said that both players (Amazon and Walmart) are here for the long haul,” said Pahwa of EY. “While regulations would evolve and they work with the regulators to solve such problems, I don't think the commitment to India is any way reducing. India is such a very large market,” he added. The e-commerce market in India is expected to touch \$200 billion by 2028, from about \$30 billion last year. Amazon's fresh investment in its India entities come at a time when the Seattle-based firm has faced losses in several of its business entities in India, such as seller services, wholesale, transportation services and digital payments, for the 2018-19 financial year. The combined losses of these entities stand at over ₹7,000 crore, according to the data accessed by Tofler.

Airtel delays Q2 results, sees 28% surge in ARPU to ₹128

Bharti Airtel on Tuesday reported a 28 per cent jump in average revenue per user (ARPU) at ₹128, driven mainly by the expanded data customer base, for the quarter ended September 30. The company had posted an ARPU of ₹100 in the corresponding period of the last financial year (2018-19). However, on a sequential basis, the company's ARPU remained flat against ₹129 in the June quarter. The company has postponed announcing its financial results for the September quarter from October 29 to November 14 because it is awaiting clarity on the recent Supreme Court verdict on adjusted gross revenue. It is also approaching the Department of Telecom to seek clarity on the amount involved. Airtel's data customer base grew 27.2 per cent in the period year-on-year. Data usage per customer rose 42.2 per cent year-on-year. The company's revenue from mobile services was ₹10,811.8 crore in the September quarter, up 7.4 per cent from ₹10,070.4 crore in the same period of the last financial year. In the June quarter this year, Airtel's India mobile revenue stood at ₹10,724 crore.

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