

Paytm raises a billion dollars at a valuation of \$16 billion

Ant Financial and SoftBank back it with full force; money will go for expansion in small cities, towns

KARAN CHOUDHURY
& NEHA ALWADHI

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In a mega funding round, Paytm, the country's top financial technology entity, has raised a billion dollars (₹7,200 crore), at a valuation of \$16 billion, from existing shareholders Ant Financial, Softbank Vision Fund and also new investors, including funds and accounts advised by T Rowe Price Associates, among others.

Discovery Capital, an existing shareholder, also participated in the round. Paytm plans to invest ₹10,000 crore over the next three years, with the stated aim of expanding its services in tier-III cities and smaller towns.

With this funding round, the Vijay Shekhar Sharma-led fintech giant has become a top-tier Asian digital firm, much ahead of others. In this round, the company made a \$1-billion equity closure, where SoftBank Vision Fund (SVF) invested \$200 million, Jack Ma's Ant Financial added \$400 million and the balance amount came from T Rowe Price and Discovery, among others.

This has happened in a climate where investors are not making big bets on companies and SoftBank is still reeling from the WeWork Initial Public Offer debacle. Till now, Paytm has raised a little over \$2.5 billion in investments. Proceeds from the latest round would be directed towards further expanding its payment and financial services business.

"Paytm is a great opportunity. We are addressing the India opportunity the best possible way. I think the very business model of acquiring customers and small businesses and bringing them to the formal financial system is viable and our investors understand that. India is underserved when it comes to financial services and this investment will be used to expand in that direction; our investors believe in that goal...Paytm is reaching its monetisation phase, where other financial services in due course will start bringing in revenue, so it becomes a story of a mature dig-



THE PAYTM JUGGERNAUT

PAYTM INVESTORS:
SoftBank Group, SoftBank Vision Fund, Ant Financial (Alipay), Alibaba Group, SAIF Partners, and Berkshire Hathaway

\$2.5 billion
TOTAL FUNDS RAISED

\$16 billion
VALUATION

ital financial services company," founder Vijay Shekhar Sharma told *Business Standard*.

Talks for the new funding round started last year in December. The company has since had several rounds of discussion with its investors. The existing ones were interested in raising their stakes to fuel the next level of expansion.

"Talks started almost two board meetings back, sometime in December. When we had the Tokyo board meeting in September (this year), we concluded the terms and the agreement happened," added Sharma.

IoT focus

In its first phase of growth, Paytm brought in low-cost digital payments

acceptability, using its QR-code technology to shops and retailers. The company now plans to add a host of Internet of Things (IoT) devices to the mix, enabling small merchants in towns to more easily accept digital payment.

"We are adding physical devices, IoT-based devices, which will enable QR payments, card payments. Devices and IoT-led payment solutions would become an important part in our next level of journey. We

have been doing beta tests of some of our IoT devices, which are proving quite successful. Payment driven by mobile phone and QR code is taking the next leap, where merchants will have many device options that will help them to avoid fraud, scale (up) business systems and bring efficiency

and trust," promises Sharma.

Paytm says it now serves merchants in a little over 2,000 cities and towns, in 650 districts.

No deep discounts

While its competition, including Google Pay and PhonePe, are spending massively on cashbacks, Paytm says it will use this ₹10,000 crore to add as many small merchants and businesses as possible into its fold.

"We are not that much in P2P (peer-to-peer). We will continue to double down and spend aggressively more into better IoT devices, so that it helps us in signing up small merchants. Our primary business model is merchant payments and the larger part of the funds would be spent there," he added.

While Paytm faces stiff competition from these players, it has maintained its position as the biggest payments player in the country. This funding round, believe sector experts, will help reinforce that.

'Not going public'

Expanding the reach of its financial services seems the main focus area for the company and its backers. Sharma said there are no plan of going public, as of now. "There is no commitment that we have made for going public. We have clearly said that we want the financial services business to (first) take off. Paytm has been able to build a business that is contribution positive; we are since last year getting into financial services," he added.

According to the company, Paytm Payments Bank has around 50 million accounts and is among the few mandated by the ministry of electronics and information technology to drive the highest targets for merchant acquisition and digital transactions.

Its financial services firm, Paytm Money, is now one of the largest contributors of new Systematic Investment Plans to the mutual funds segment. It has already received approval to launch stock broking, dematerialisation services and National Pension System services.

Expedite operationalisation of 110 additional blocks or return them: Govt tells Coal India

PRESS TRUST OF INDIA
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The coal ministry has asked state-owned Coal India (CIL) to either expedite the operationalisation of 110 additional blocks allotted to it or return the mines to the government, an official said.

The coal ministry recently enquired from the PSU about the operational status of the additional blocks allotted to

it, and whether extraction from these coal blocks is techno-economically feasible, the official added.

The firm had earlier said that it will produce 750 million tonnes of coal in the next financial year

Further, out of 50 explored blocks, project reports of 25 blocks have been prepared, the coal ministry was informed.

The ministry "emphasised on quick operationalisation of all of these blocks, otherwise CIL may return them to the Ministry of Coal for their allotment/ auction to other agencies," the official said. CIL accounts for over 80 per cent of domestic coal output.

The state-owned firm had earlier said that it will produce 750 million tonnes of coal in the next financial year.

The PSU will further produce 1 billion tonnes of coal by FY2024, Coal Minister Pralhad Joshi had said.

Khan Market world's 20th most expensive retail location

Delhi's upscale Khan Market has moved up one position to become the world's 20th most expensive retail location, according to global property consultant Cushman & Wakefield.

In its latest report 'Main Streets Across the World 2019', the consultant said that Khan market is ranked 20th in the list of the most expensive retail locations with an annual rent of \$243 per sq ft.

Last year, Khan market was at 21st place with a rent of \$237 per sq ft a year. Causeway Bay in Hong Kong retains the number one ranking, commanding an annual rent of \$2,745 per sq ft. New York's Upper 5th Avenue is at second position (\$2,250 per sq ft), followed by London's New Bond Street (\$1,714 per sq ft) and Avenue des Champs Elysees in Paris (\$1,478 per sq ft).

Via Montenapoleone in Milan, Italy ranks fifth with an annual rent of \$1,447 per sq ft, the report said. The rankings are based on rentals during the second quarter of 2019 calendar year.

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