

Paytm's expected \$2.2bn IPO fuels India market

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Paytm founder and chief executive Vijay Shekhar Sharma, who has a net worth of \$2.3 billion according to Forbes, holds just under 10 percent of the company.

Digital payments pioneer Paytm on Friday took a major step towards launching India's biggest initial public offering, telling regulators that it

would seek to sell \$2.2 billion in shares.

The offering is the latest in a wave of IPOs in India, with food delivery firm Zomato this week raising \$1.3 billion.

Paytm is backed by the Ant Group of Chinese tycoon Jack Ma, which holds a nearly 30 percent stake, along with Masayoshi Son's Softbank Vision Fund, Berkshire Hathaway and other high-profile investors.

Founder and chief executive Vijay Shekhar Sharma, who has a [net worth](#) of \$2.3 billion according to Forbes, holds just under 10 percent of the company.

As a part of the IPO, Paytm will issue fresh shares worth 83 billion rupees and sell an equal amount of shares through a sale offer, according to its prospectus filed with Indian regulators.

Since 2010, Paytm has become a key [digital payments](#) enterprise in a country dominated by cash transactions.

It has benefited from the government's efforts to curb cash transactions—including the cancellation of nearly all banknotes in 2016—and from the coronavirus pandemic.

Over 21 million Indian shop owners, vendors and other merchants accept payments of 10 rupees (13 US cents) to several thousand rupees using Paytm's QR code or mobile numbers.

As of March 31, Paytm Payments Bank has 333 million customers, according to its regulatory filing.

The company said it undertook transactions worth more than four trillion rupees (\$54 billion) in 2020-21, making Paytm India's largest payments

platform.

But Paytm has made continual losses and is not sure if it will make a profit. It reported a net loss of 17 billion rupees last year, on revenues of 31.86 billion rupees.

"We expect to continue to incur net losses for the foreseeable future and we may not achieve or maintain profitability in the future," the prospectus warned.

Paytm has reported negative cash flows for the last three years, primarily due to operational losses.

Big-ticket tech issues are heating up India's IPO market. The share issue by Zomato—which has also never reported a profit—has seen a strong investor response and companies like Delhivery and Mobikwik expect to follow.

With a target of \$2.2 billion, Paytm would surpass Coal India's \$2 billion issue in 2010 to become India's biggest IPO and propel the country's primary market to its best year ever.

Paytm's public offer is expected to launch in the coming months following approval from Indian regulators.

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