



## Research report on Paytm

### About the Company:

Paytm is India's leading financial services company that offers full-stack payments & financial solutions to consumers, offline merchants and online platforms. The company is on a mission to bring half a billion Indians into the mainstream economy through payments, commerce, banking, investments, and financial services. One97 Communications Limited that owns the brand Paytm is founded by Vijay Shekhar Sharma and is headquartered in Noida, Uttar Pradesh. Its investors include Softbank, Ant Financial, AGH Holdings, SAIF Partners, Berkshire Hathaway, T Rowe Price, and Discovery Capital.



Vijay Shekhar Sharma, Founder & CEO of Paytm and One97 Communications Limited together own Paytm Payments Bank, country's largest digital bank with over 58 million account holders. Working on its mission to bring un-served & under-served Indians under the formal banking system, it has made banking accessible & convenient to people across the country through innovative use of technology.

It's wholly-owned subsidiary 'Paytm Money' has achieved the distinction of becoming India's biggest investment platform within its first year, and is now one of the largest contributors of new Systematic Investment Plans (SIPs) to the Mutual Funds industry; it has already received approvals to launch Stock Broking, Demat Services and National Pension System (NPS) services, and strives to continue to broaden the financial services and wealth management opportunities to the unbanked and underserved Indians.

Paytm First Games, which is another group company (a joint venture between One97 Communications Ltd and AG Tech Holdings), has quickly become India's go-to gaming and stay-at-home entertainment option for millions of users across the country. The platform caters to all types of gamers with an exhaustive array of games for amateurs as well as e-sports for gaming pros.

Paytm Insurance is a wholly-owned subsidiary of One97 Communications Ltd (OCL) and has secured a brokerage license from IRDAI. It offers insurance products to millions of Indian consumers across four categories including two-wheeler, four-wheeler, health and life. The company aims to simplify insurance and create a seamless, easy to understand online journey for its customers.

## Mission Statement:

100 Million User product from India.

This is one of the greatest journeys we have undertaken. While we are focused on this mission, we are working equally hard to be the most trusted mobile commerce brand in the country.

## Board of Director:

Chairman	Vijay Shekhar Sharma
CEO & Managing Director	Satish Kumar Gupta
Independent Director	Ashit Ranjit Lilani
Independent Director	G S Sundarajan
Independent Director	Vaibhav Goel
Independent Director	Sairee Chahal

## Partners of Paytm



## Competitors of Paytm:

Google Pay

Paypal

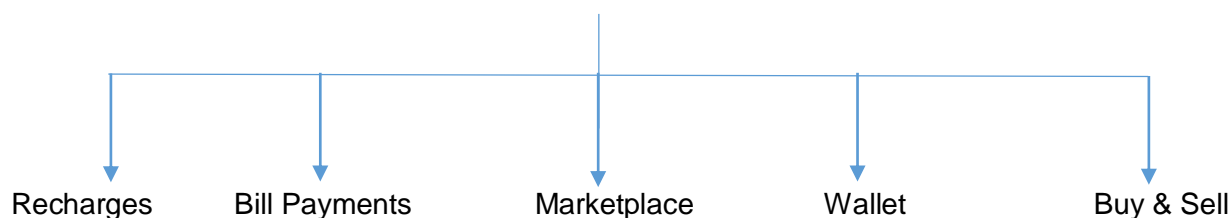
Bhim UPI

PhonePe

FreeCharge

MobiKwik

## Business of Paytm:



## Funding:

- Paytm has raised a total of ₹2.2B in funding over 4 rounds.
- Their latest funding was raised on Feb 4, 2017
- Paytm is funded by 4 investors. Vijay Shekhar Sharma and One97 Mobility Fund are the most recent investors.
- Paytm has made 17 investments.
- Their most recent investment was on May 4, 2020, when Rooter raised \$1.7M.
- Paytm has had 1 exit, which was Little.
- Paytm has acquired 11 organizations. Their most recent acquisition was Balance on Aug 9, 2018.

## Financial Highlights:

	Consolidated (INR in Crores)		Standalone (INR in Crores)	
	2018-19	2017-18	2018-19	2017-18
Revenue from Operations	3,232.01	3,052.90	3,049.87	2,982.22
Other Income	347.66	256.71	341.74	247.16
<b>TOTAL REVENUE</b>	<b>3,579.67</b>	<b>3,309.61</b>	<b>3,391.61</b>	<b>3,229.38</b>
<b>Less: Expenses</b>				
Employee Benefit Expense	856.22	613.98	627.78	528.66
Finance Cost	16.87	18.88	16.50	18.39
Depreciation and Amortization Expense	99.51	78.88	75.81	68.92
Other Expenses	6,757.54	4,152.79	6,534.71	4,082.11
<b>TOTAL EXPENSES</b>	<b>7,730.14</b>	<b>4,864.53</b>	<b>7,254.80</b>	<b>4,698.08</b>
Profit/Loss before share of result of associates and taxation from continuing operations	<b>(4,150.47)</b>	<b>(1,554.92)</b>	<b>(3,863.19)</b>	<b>(1,468.70)</b>
Share of result of associates / joint venture entities	14.61	(30.81)	-	-
Profit/Loss before exceptional items and tax from continuing operations	<b>(4,135.86)</b>	<b>(1,585.73)</b>	<b>(3,863.19)</b>	<b>(1,468.70)</b>
Exceptional items	(82.52)	3.40	(91.02)	(2.30)
<b>Profit/Loss before Tax from Continuing Operations</b>	<b>(4,218.38)</b>	<b>(1,582.33)</b>	<b>(3,954.21)</b>	<b>(1,471.00)</b>
Tax Expense	(6.49)	1.53	0.12	(1.01)
<b>Profit/Loss from Continuing Operations</b>	<b>(4,211.89)</b>	<b>(1,583.86)</b>	<b>(3,954.33)</b>	<b>(1,469.99)</b>
Profit/Loss for the period from discontinued operations	(5.31)	(20.48)	(5.31)	(20.48)
<b>Profit/Loss for the year</b>	<b>(4,217.20)</b>	<b>(1,604.34)</b>	<b>(3,959.64)</b>	<b>(1,490.47)</b>

## **Future of the Company:**

- Digital payment giant Paytm expects to turn profitable after two years as it is monetising the existing customer base and eyes financial services as its next major frontier for growth, its founder CEO Vijay Shekhar Sharma said.
- In an interview, Sharma said Paytm's growth is divided into three phases - first three years of finding the right product-market fit; the next was revenue and monetisation; and the last phase will be about profitability and free cash flows.
- In 2015, Paytm started deploying QR codes and by 2018-19 completed its product-market fit. From 2019-20 onwards, it is monetising.
- "I would say at least 2 years because we are also a large dominant market share company and we wouldn't want to lose market share while becoming profitable next quarter," Sharma said when asked about the timelines for hitting profits.
- In the last 12 months, Paytm has seen pre-tax losses cut - thanks to monetisation, and not reckless cost-cutting, he said, adding business like Paytm Payments Bank, commerce and cloud were already profitable, while Paytm First Games and Paytm Mall is "close to profitability".
- Paytm - which competes with Google Pay, Flipkart-owned PhonePe and others in the digital payments space - had late last year raised USD 1 billion (over ₹7,000 crore) in funding from US-based asset management firm T Rowe Price and existing investors, including SoftBank and Alibaba, to fund expansion plans.
- Paytm had also said it plans to invest around ₹10,000 crore (USD 1.4 billion) over the next three years to expand financial services. The last round of fund raising had valued the company at about USD 16 billion.
- The company, which has introduced a new all-in-one payment gateway and business solutions as well as an Android-based point of sale (POS) machine, currently has over 16 million merchants across unorganised and organised sectors.
- As per reports in 2019, Paytm is going to raise money by going public; i.e, by way of IPO.