

Alibaba arm buys 25% in Paytm parent for \$700 m

Our Bureau



The deal represents Ant Financial Services' first investment in an Indian company.

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Founder Jack Ma opens India account with stake buy in One97

New Delhi, Feb 5:

When Jack Ma visited India in November, he said he was keen to do business with companies here. In just two months, the Chief Executive Officer of Alibaba has made good his intention by taking a 25 per cent stake in Paytm, a mobile commerce company.

Ant Financial Services, part of Jack Ma's Alibaba Group, has bought the stake in One97 Communications, which owns Paytm. Sources close to the deal told *BusinessLine* that Alibaba is investing around \$700 million. This is Ant Financial's first investment in an Indian company.

The deal values One97 at more than \$2 billion, taking it to the big league in the Indian start-up universe. Paytm will use the funds to grow its mobile payment ecosystem and boost its commerce user-base, the companies said in a joint statement. "With over one billion people, India's payments market has vast untapped potential," said Cyril Han, Vice-President of Ant Financial. "We see a great opportunity in the mobile wallet space and Paytm, as a leader in this field, is best equipped to build a mobile payments ecosystem in the country."

According to IDC, with 72.5 million units, India was the fastest growing smartphone market in Asia-Pacific in the third quarter 2014; the market had grown 15 per cent quarter-on-quarter and 9 per cent year-on-year.

To up headcount

Paytm aims to grow its employee strength to 5,000 by end of 2015 from around 2,000 now. Also, by the year end, the company expects to cater to up to 10 lakh merchants on its platform from around 15,000 now, said a spokesperson for Paytm.

"Jack Ma has deep pockets and knows where to invest. Alibaba has lot of intellectual properties (IPs) in a lot of backend systems from which Paytm can benefit directly," said Sanchit Vir Gogia, Founder and CEO of Greyhound Knowledge Group. Harsh Vardhan Bhandari, Principal at Acquisory India Consulting, said, "It will help Paytm consolidate its position as the leader in the mobile wallet market."

(This article was published on February 5, 2015)