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Fat Profit: Rel Cap Exits One97



Reliance Capital has sold its stake in Paytm's parent One97 Communications to China's Alibaba in a deal estimated at ₹275 crore, reports **Payal Ganguly**. The deal signifies an over-27-fold return on investment for Reliance Cap. ►► **PAGE 8**

Rel Cap Pockets a 2,650% Return from One97 Investment

Stake sale by Anil Ambani-led financial services seen at ₹275 cr; co continues to be a shareholder in Paytm E-Commerce

Payal.Ganguly@timesgroup.com

Bengaluru: Reliance Capital has sold its stake in One97 Communications — the parent company of digital payments provider Paytm — to China's Alibaba in a deal estimated at ₹275 crore according to one person aware of the details of the transaction, which will deliver an over 27-fold return on investment for the Anil Ambani-led financial services firm.

Reliance Capital invested ₹10 crore in 2010 for a 1.5% stake in One97 in anticipation of a public listing of shares by the Paytm owner, a plan which was later dropped. At that time, the shares of One97 were valued between ₹200 to ₹250, said the person cited above. After One97 raised additional capital,

Exit Time

₹10 crore: Amount Reliance Capital invested in One97 in 2010

27x
Return on investment for Reliance Capital

\$4.8 billion Valuation of One97 Communications

1.5%
One97 stake Rel Cap bought in 2010



this stake got diluted to 0.83%.

"In the current sale, shares of Paytm have traded at over ₹7,000 per unit," the source told ET.

Reliance Capital had been in conversations with multiple buyers to sell its holding for over a month now. The company continues to be a shareholder in Paytm E-Commerce Pvt Ltd, the entity hived off

by One97 in August 2016 to re-launch the online marketplace in association with investor Alibaba.

For Alibaba and its payment affiliate Ant Financial — which together own a 40% stake in One97 Communication — this latest deal marks a consolidation of interest.

The Chinese conglomerate has just increased its stake in Paytm's online

retail unit by leading a \$200-million funding round in Paytm E-commerce — valued at \$1 billion — and merged from parent One97 communications in February. The e-commerce portal will be fashioned after Alibaba's digital platform in China called Tmall.

One97 Communications — which is valued at \$4.8 billion — did not comment on the current transaction.

A representative for Reliance Capital also declined to comment on the development.

"In the current atmosphere, it will be difficult to get an exit at this scale for an early investor in an e-commerce business," said Pinakiranjan Mishra, partner and national leader, consumer products and retail at EY India.

"The question on timing of the exit

depends on the risk appetite of the individual investor and its investment philosophy and is not driven by the market alone," he said.

Paytm founder Vijay Shekhar Sharma sold 1% of his shareholding in the parent company One97 Communications in December 2016 for ₹325 crore to raise money for Paytm's payments bank, which will launch operations next month.

Reliance Capital owns stake in a number emerging businesses like wine maker Sula, reverse logistics player GreenDust, semiconductor testing firm Tessolve and healthcare chain Wellspring. It also invested ₹38 crore in online travel agency Yatra, which was listed on Nasdaq through a reverse merger last year: Its 8.75% stake in Yatra is worth about ₹175 crore.



Paytm founder Vijay Shekhar Sharma sold 1% of his shareholding in One97 in Dec 2016 for ₹325 crore