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Paymate may soon refile IPO papers, looks to go global

Synopsis

The Mumbai-based fintech is reaping the benefits of enterprises taking all their B2B payments digital.



ETtech

Ajay Adishesan, founder, Paymate

Layoff Tracker



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Company Name

Layoffs

The Indian digital payments story is not about UPI alone; even large-value [business](#) transactions are going digital, and at a rapid pace. Fintechs such as [Paymate](#), which has seen its total [payment](#) volume surge by more than 200% in two years, are seizing this opportunity. The company is aiming to ride that buoyant sentiment into the public market soon.

Mumbai-based Paymate today processes a total payment volume of around \$11 billion, up from \$3 billion three years back.

It has also received in-principle approval from the Reserve Bank of India (RBI) to operate as a payment aggregator.

The company, which wanted to go public last year itself, had to refile its draft papers because of the PA nod from the regulator. It is hoping to complete the approval processes within the next two to three months.

“Once we get final approval from the RBI, we will have to add more details to our prospectus and refile to the market regulator. I am expecting only incremental scrutiny from thereon. Overall, we should be able to file afresh within the next 60 to 90 days,” said Ajay Adishesan, founder, Paymate.

In the interim, the Visa-backed payment company is tapping international markets, looking at the Gulf countries and South East Asia. It is also looking to enter East Africa, central Europe and the overall Asia-Pacific region with the goal of diversifying its revenue streams and reducing risk to each client.

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In Numbers

Paymate today processes a total payment volume of around **\$11 billion**

Co received in-principle approval from RBI to operate as a payment aggregator

Up from **\$3 billion** three years back



SECTIONS Paymate may soon refile IPO papers, looks to go global

ment volume of almost **₹70,000 crore** in FY22

the **₹21,000 cr** processed in 2019



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Can't Say

[Visa](#), which is a major partner for Paymate and also an investor with a stake of close to 3%, is playing a crucial role in its overseas plans. Leveraging its partnership with Visa, Paymate gets to work with large banks in these

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countries and help them offer B2B payment solutions to their clients. The fintech allows businesses to pay their vendors through a corporate [credit](#) card issued by Visa.

“We first set up operations in the UAE, which has already picked up. Saudi Arabia, Oman and South Africa are places where we have already gotten incorporated,” said Adishesan. “Now we have to replicate the setup in other geographies, too.”

Currently, the UAE contributes less than 10% of its overall revenue, but this is expected to go up to 25% in the next two years.

Adishesan added that central Europe, the Middle East and Africa together make up a \$10 trillion opportunity that Paymate is looking to tap.

To drive these markets, the company has hired Rakesh Khanna as the chief commercial officer and Amirreza Sawal as the regional head for the APAC region. Both Khanna and Sawal are ex-Visa executives and joined Paymate last year.

Quick Growth

The pandemic accelerated adoption of digital payments both among consumers and businesses. Also, with tax filings going digital, many small businesses are using digital payments more regularly.

For Paymate, this shift is good news. The company offers the entire suite of B2B payments, including receivables, payments that need to be made to other businesses, reconciliation of payments and tax payments to its clients. It also helps them access working capital.

In FY22, Paymate processed a total payment volume of almost Rs 70,000 crore, which was 233% more than the Rs 21,000 crore processed in 2019.

Interestingly more than 95% of its payments happened through card processing, which is its unique proposition.

“Typically businesses use net banking or RTGS to transfer funds between each other; but with Paymate, one can pay with commercial credit cards, which is a great instrument from the credit perspective. No wonder, the bulk of its volumes come from credit card transactions,” said a senior fintech executive, on condition of anonymity.

In its DRHP, Paymate said that it works with [SBI Cards](#), [ICICI Bank](#) and another large private sector lender to issue these commercial cards. Given its

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partnership with Visa, Paymate only helps issue Visa cards.

The fintech's revenues have grown along with the payment volumes. Data from Tracxn shows that Paymate recorded Rs 1,200 crore of revenue in FY22, up more than 400% from Rs 236 crore in FY2019. However it incurs a massive cost in processing these transactions — as of December FY22, its service cost stood at Rs 844 crore, which was a 260% jump from the Rs 230 crore in FY2019.

Consequently, despite generating a strong topline, it still reported a net loss of Rs 57 crore, a 612% spike from the loss of around Rs 8 crore in FY2019.

Adisheshan said that the business had reported profits last June, but then swung to losses given the heavy investments in Paymate's global expansion.

Tricky Turns

If there is one word that plays on Adisheshan's mind all the time, it is dependence. Paymate depends on its top six customers for more than 60% of its revenue. As of December 2021, its top customer accounted for Rs 174 crore and the next five combined accounted for Rs 367 crore.

Secondly, it is also dependent on Visa for a lot of its incoming business. In its DRHP, the company talks about how its contract with Visa is critical to its growth prospects.

Around 99% of Paymate's card payment business comes from Visa's commercial credit cards, so if the relationship with Visa is disrupted, this segment of the business will be decimated.

"We shall ensure that...Visa's commercial credit cards are the only payment option on our platform for a specified duration, subject to certain exceptions, out of card payment options," the company said in its prospectus. In certain geographies, the company has to ensure that Visa's commercial credit cards are the only cards accepted on its platform. For non-card payments, however, it offers all payment options.

While Paymate is heavily reliant on its top six clients for more than 60% of its business volumes, it has managed to reduce the share of revenue from these entities from 97% to around 63%.

Nevertheless, this concentration means there could be constant pressure on the topline from these large enterprise customers. If Paymate starts facing stiff competition from another rival B2B payments player, it might need to offer better rates to retain customers. That could impact its revenue.

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“Currently our business is dependent on charges per transaction, but going forward, we are trying to broaden into a software as a service play, along with transaction charges, which will help diversify our revenue base,” Adishesan told ET.

Also, by going global, Paymate is looking to reduce its dependence on India and a select few customers. With more than 49,473 SME customers and 480 enterprise customers, Paymate is working to reduce its dependence on a few customers and securing its topline.



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TikTok seeks up to \$20 billion in ecommerce business this year: report

Reuters Last Updated: Jun 08, 2023, 08:52 AM IST

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Synopsis

The increase compares to last year's \$4.4 billion in gross merchandise value, representing the worth of total goods sold through its online marketplace TikTok Shop, the report said, adding that the company is betting on markets such as Indonesia.

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FILE - This Monday, Sept. 28, 2020, file photo, shows as logo of a smartphone app TikTok on a user post on a smartphone screen in Tokyo.

ByteDance-owned [TikTok](#) hopes to more than quadruple the size of its worldwide e-commerce operations to as much as \$20 billion in merchandise sales this year, relying on growth in Southeast Asia, Bloomberg News reported on Wednesday, citing people familiar with the matter.

The increase compares to last year's \$4.4 billion in gross merchandise value, representing the worth of total goods sold through its online marketplace [TikTok Shop](#), the report said, adding that the company is betting on markets such as Indonesia.

TikTok did not immediately respond to a Reuters request for comment.

TikTok's e-commerce platform lets customers purchase goods through links on the app during live broadcasts.

The development comes as the Chinese-owned company faces scrutiny from governments and regulators because of concerns that China could use the app to harvest user data or advance its interests.

The company is also working to expand its sales in the US and [Europe](#), the report said.

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Financial Times had last year reported that TikTok is due to enter a partnership with Los Angeles-based TalkShopLive to launch its live shopping platform in North America by outsourcing its operations.

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