

# Paytm unveils buyback plan, says it has ₹9,182 crore cash in hand

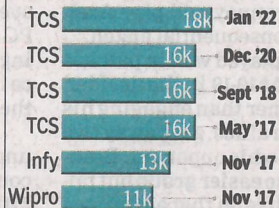
TIMES NEWS NETWORK

**Mumbai:** One97 Communications, which operates under the Paytm brand, has said that the company's board will meet on December 13 to decide on a share buyback programme. Paytm has Rs 9,182 crore of cash in hand and a large chunk of this predates its initial public offering (IPO).

"The management believes that given the company's prevailing liquidity/financial position, a buyback may be beneficial for our shareholders," Paytm said in an exchange filing. According to sources, the company is looking at ways to restrict the buyback to retail investors.

## RETURNING WEALTH

India's top buybacks (in ₹ cr)



(Source: Prime Database)

The announcement comes when the company's shares were down over 75% from the IPO a year ago. Paytm's Rs 18,600-crore IPO was the second-largest in the country after LIC and it valued the company at Rs 1.4 lakh crore. Paytm has a current

market cap of Rs 33,003 crore.

The company has not disclosed any target range for the buyback. Share buybacks are typically announced at a price above the market price and, usually, the market price moves to the buyback price level. Paytm already had a large surplus before the IPO and it is likely to use this cash hoard for the buyback. Paytm has also told analysts that it has a 'builder mentality' and not a 'buyer mentality' and would rather build new verticals than buy and integrate them. Having the largest user base among payment companies gave Paytm the opportunity to come up with new offerings to its existing customer base.

Besides the selloff in new age stocks, Paytm was hit by a Reserve Bank of India order preventing the group's payment bank from onboarding new account holders. More recently, the company was not immediately granted a payment aggregator licence and was asked to apply again. Besides revenues from facilitating loans, the company is generating revenues from its payment acceptance business.

Unlike dividends, share buybacks reward shareholders without any tax implications. Share buybacks also improve various ratios of the company's equity as the number of shares in circulation decline.