

FY 2019

ANNUAL REPORT

BUILDING FINANCIAL SERVICES FOR BHARAT



**CONSUMER
PAYMENTS**



**PAYMENT
GATEWAY**



LENDING



INSURANCE



MUTUAL FUNDS



GOLD



OUR MISSION

Our mission, ever since we started our journey nine years ago has been - **to build affordable and accessible financial services for a billion Indians.** We call this "Building for भारत", the vast masses that live outside the top-5 cities of India.

- Of the 900 million bank accounts in India that can be accessed at branches, only 150 million or ~17% are with private banks and the remaining 750 million are with PSU banks.
- These private banks have branch-led high cost distribution models, enabling them to only service the top 10% elite Indians.
- 750 million Indians are therefore forced to look for financial services outside their primary bank (state-owned PSU banks have made minimal tech investments and fare poorly at digital delivery of retail loans, mortgages, life or general insurance and wealth management.)

These 750 million Indians left behind in the India growth story have universal needs, desires and aspirations - a better future for themselves and their families! But the lack of affordable financial services often sets them on a road to failure and keeps them in a vicious cycle of dependency. These people have the same needs as you and me - to save, transact, make and receive payments, access credit, and insure against vulnerabilities. And yet, their needs are different, because the products they need are smaller in size but affordable to them.



India Income Pyramid

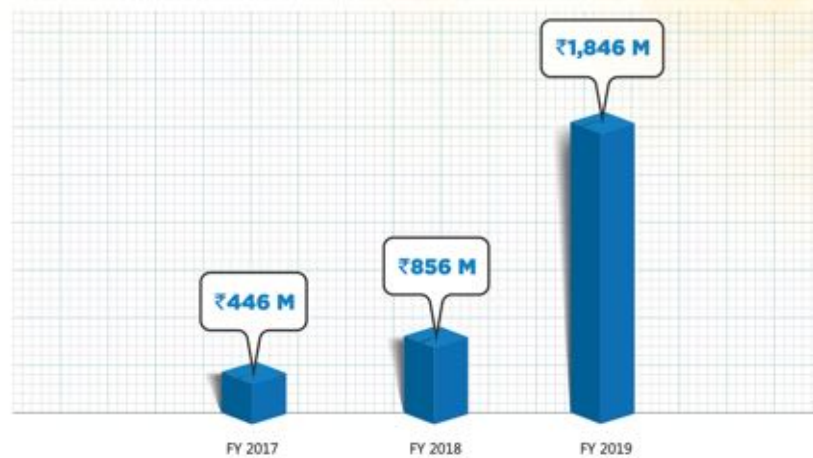
Packet-size Financial Services

Around 25 years ago, Hindustan Unilever pioneered the use of low-cost packets to make its products affordable for consumers who often shop daily. We see the future of financial services as no different. We enable payments between consumers and merchants, our bread-and-butter business in the smallest of transaction sizes. In 2019, Mobikwik launched every single type of financial product in small packet sizes, delivered completely digitally on its mobile apps.

BUSINESS PERFORMANCE

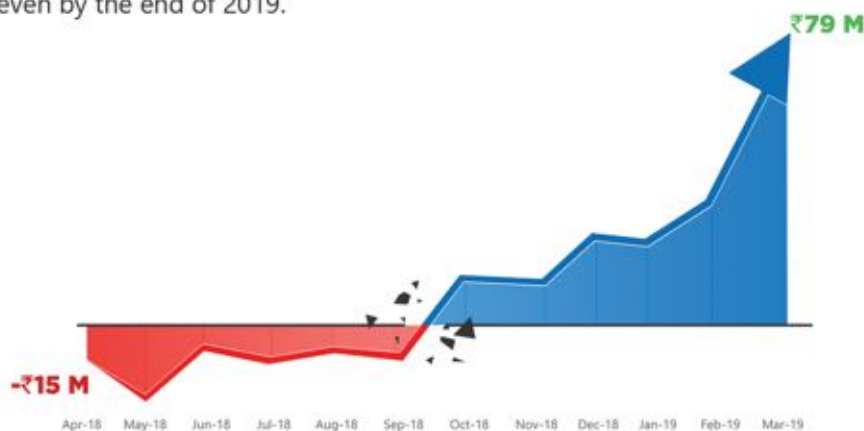
We're particularly proud of our business performance in 2019. We've grown revenues at 100% each year for the last two years while maintaining a strong focus on profitability.

Our exit revenues for March 2019 were 3.5x higher than a year ago!



Gross Revenue⁽¹⁾

Our business turned Contribution Margin⁽²⁾ positive for the financial year 2019. We were also Contribution Margin positive for each month in the 2nd half of FY19 - this is a first for any large consumer tech business in India and even more so for one that operates in a highly competitive market such as payments. And this has been done the right way - from an increase in payments revenues and contribution from financial services. We've halved our EBITDA burn in FY19 over FY18 and are well on our way to EBITDA break-even by the end of 2019.



Contribution Margin⁽²⁾

Note:

(1): Gross Revenue for FY19 is unaudited

(2): Contribution Margin = Revenue less Bank/loading cost less Marketing incentives

PLATFORM GROWTH

Digital payments in India continue to grow every single month driven by strong tailwinds. Firstly, the economy itself is growing and consumer payments grow in line with the economy. Secondly, there is a move to digital payments on account of convenience and cost, and as new services and transactions go digital (for instance, food and ticketing). Finally, there are the regulatory tailwinds from demonetization, which drove consumers toward digital payments, as well as the implementation of GST, which has driven merchants to accept digital payments (or else forfeit the input taxes paid).

Cash is still the dominant mode of payment in India, giving us a strong runway for growth. Payments continues to be MobiKwik's core customer offering, and is complemented by the credit we issue on the app. **In the last 12 months alone, over 40M people transacted on our platform.** This represents nearly 10% of smartphone population in India and a high double digit % of electronically paying users in India (estimated at 150M). Some other notable metrics we are proud of include:



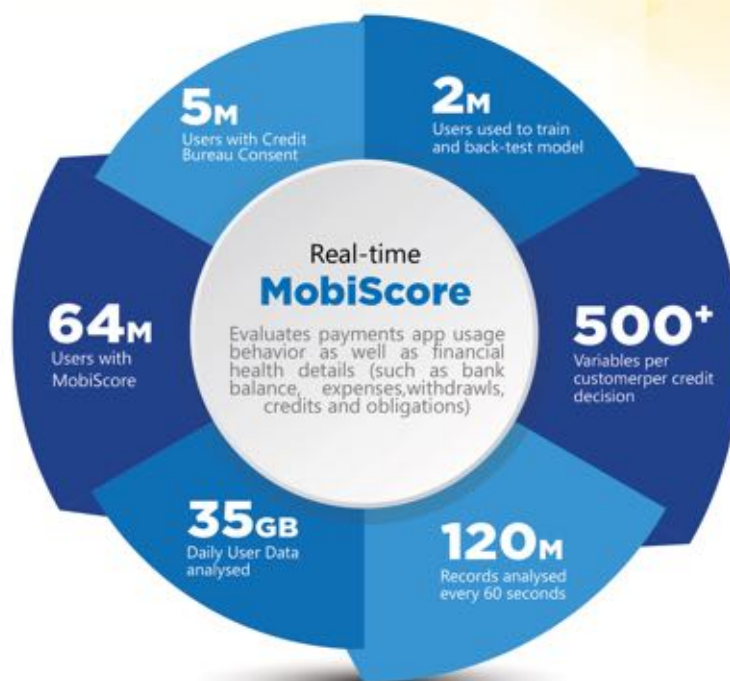
- 40% growth in total registered users and 90% growth in MAUs (monthly active users).
- 18 million of the 47 million credit cards issued in India are saved on MobiKwik.
- Over 11% of UPI handles issued so far in India are @iKwik handles issued by MobiKwik.
- MobiKwik consistently ranks in the Top 4 COUs (Customer Operating Units) ahead of several banks (70 banks and non-banks), who have the Bharat Billpay System (BBPS) license.
- For Wallet to Bank fund transfers on the IMPS rails, MobiKwik is No. 2 amongst all PPI players (including wallets, payment banks and bank owned wallets).
- MobiKwik consistently ranks in the top 2 payment options (non-cash, non-card) for leading online merchants in Travel, Food Delivery, Gaming, eCommerce as well as common use cases in offline world like Milk Booths, Petrol Pumps, Pharmacies etc.
- MobiKwik has originated over 350,000 fully digital loans with a loan book which stands at US\$ 24 million.
- MobiKwik's payment gateway business which powers payments for Uber, Indian Railways, etc. top eCommerce merchants clocked US\$ 3 Billion in total payment volume.

DIGITAL CREDIT

We've built India's first completely digital credit platform that scores users in less than 5 seconds, allows them to complete KYC and EMI repayment setup in less than 2 minutes, and instantly disburses funds to their wallet for shopping within the MobiKwik and Visa network.

Our big-data scoring algorithm uses over 500 raw and derived variables that have already measured the ability and credit intent of 64 million of our users (who have consented to sharing their data for this purpose). Around 5 million users have shared their consent for checking their credit score on the bureaus.

Our machine-learning based scoring model is often better than the thin files available for users on credit bureaus because it uses real-time data, captures additional repayment behaviour apart from financial obligations, and has sufficient data to assess first-time and New-To-Credit (NTC) customers. Unlike standalone digital lenders who face adverse selection issues in lending to those who are desperately searching for credit, we were able to train our model on over 2 million users even before we issued our first loan and were able to automatically enhance the model based on actual repayment behaviour.

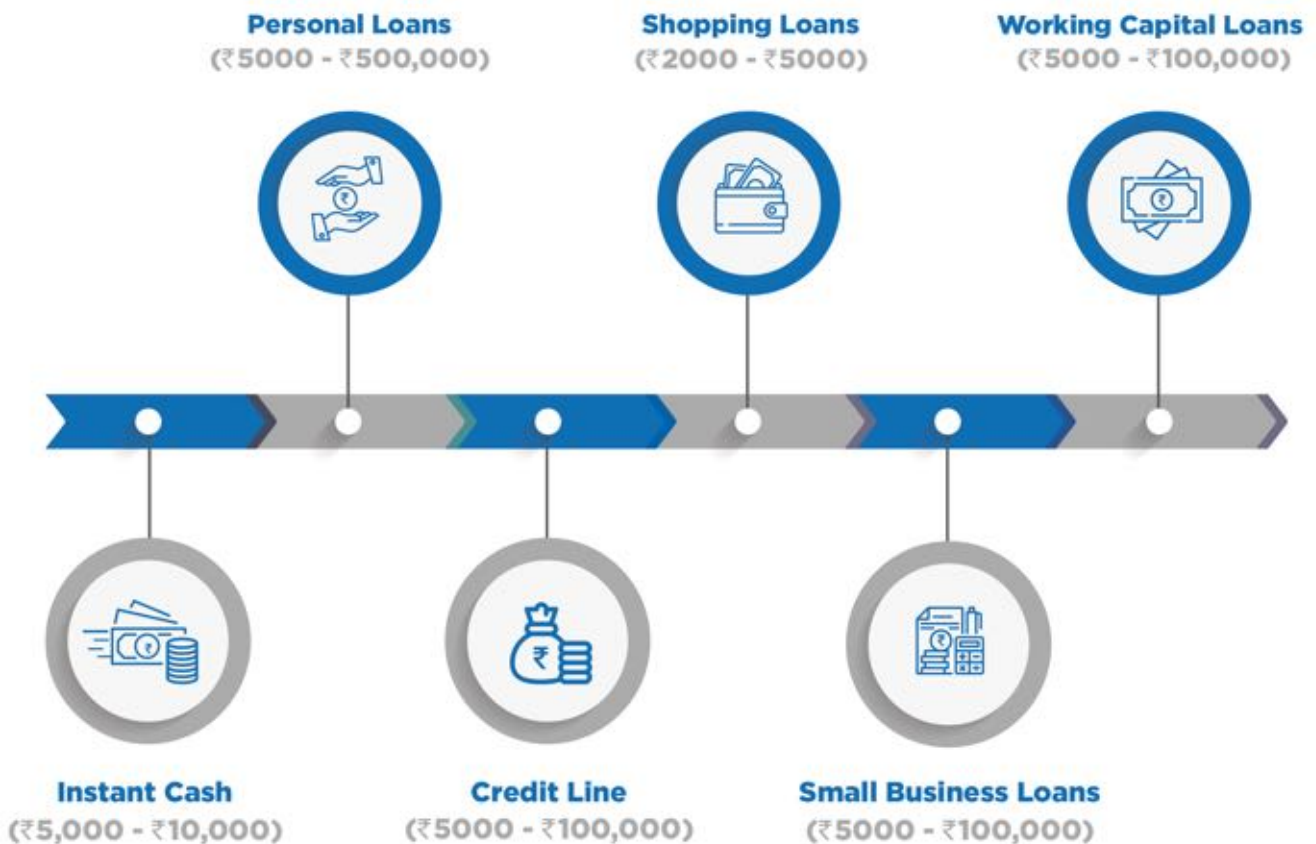


We work with India's leading Financial Institutions to create genuine loan products that customers need in small packet sizes. We are able to keep operating costs low by delivering the loan completely digitally and without any human intervention whatsoever. Because of our fully digital self-serve model, we are agnostic to the ticket size, we are equally happy giving a Rs 2000 loan as we are giving a Rs 200,000 loan.

Delivering the funds into the wallet gives us unique insights into the spending pattern of borrowers - and the data collected feeds back into our Machine Learning-based credit scoring algorithm to improve it. Interestingly, the cohorts of customers who take credit are 2x stronger in usage and count of payments compared to the average 'debit only' payment cohorts. What this implies -> credit is not only monetisation but actually makes the payment platform stronger, one loan at a time.

We started our digital lending journey exactly a year ago; we will disburse over 70,000 fully digital loans in May 2019 from the 1 million applications we receive every month. We're well on track to disburse over ₹1,500 crores across 1.2 million loans in FY 2020. We offer more digital loans online than any other lender, at lower operating costs and across 4,000 unique Pin codes in India.

Our product offerings for customers keep growing - we started with ₹5,000 Insta-Cash loans ₹60,000 Credit Lines and ₹100,000 Term Loans in 2018. Our team has exciting plans for the next year with a whole suite of product launches for merchants and consumers on the cards.

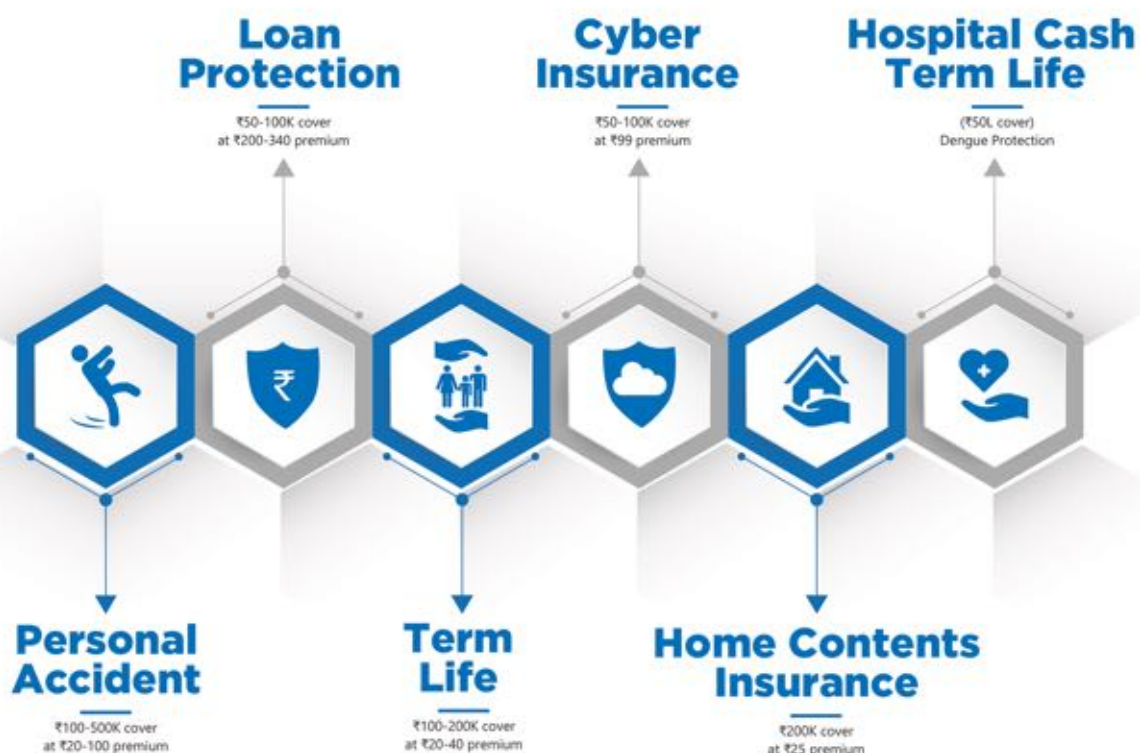


Smart, Digital Credit

DIGITAL INSURANCE

India's insurance penetration is estimated at only 3.8%, leaving the bulk of us vulnerable to numerous uncertainties and economic shocks. Most Indians have no financial cushion and are one event (loss of a job, death of a breadwinner, theft, crop failure, natural disaster or emergency medical issue) away from financial stress and its painful fallout.

MobiKwik has pioneered sachet-size micro insurance in India by curating combination products at affordable prices and making them accessible to millions of Indians. The insurance journey is 2-clicks, fully digital, self-serve with the policy getting issued instantly on the MobiKwik app. We offer term-life insurance, accident protection insurance and a combination of both at a price of only ₹20 for a cover of ₹100,000. We will continue to work with our insurance partners to deliver customized products that will be curated for different segments of users, delivered instantly, with low premiums and high value of cover. We launched the Insurance Business at the end of 2018 and are on track to issue more than 15,00,000 policies in the first year.



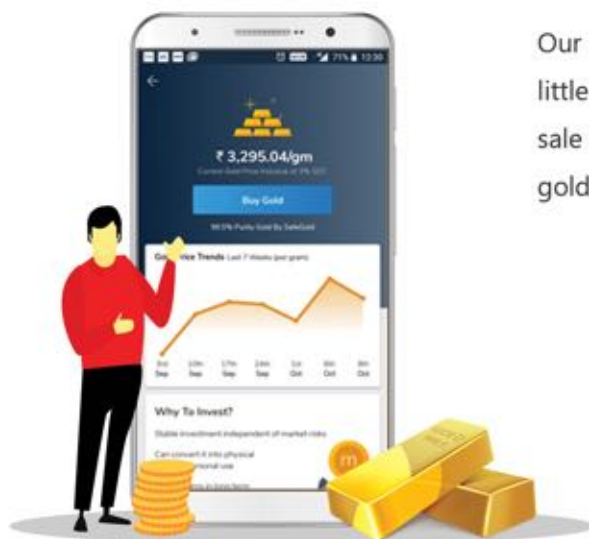
Smart, Digital Insurance

WEALTH MANAGEMENT

Investment advice as it exists today is inaccessible to many (how do I find an advisor that is willing to service me for small investment amounts?), often biased or of poor quality (how good is my advisor?) and expensive (how much does my advisor cost me?). Our philosophy is to use data to deliver unbiased, high quality investment advice and automate process and reduce costs to execute transactions for millions of users who need a good investment advisor but can't afford one.



MobiKwik was the first large platform to connect to all AMCs and now allows its users to save and invest for their life goals with amounts as little as ₹100. We did our first acquisition ever in October 2018 - Clearfunds, a consumer direct mutual fund investment platform to speed up our Wealth Management product portfolio. We also partnered with one of the largest fund companies in India to launch KwikSave, our unique auto-sweep product which allows our customers to earn more than their savings bank account and spend the money anywhere using a debit card.



Our digital gold product already allows customers to save as little as ₹1 at a time in secure, vaulted gold and receive the sale proceeds in cash, CaratLane jewellery or in the form of gold coins that are home-delivered.



PRODUCT INNOVATION

Our product and user experience (UX) philosophy is to keep the user experience simple and to use our extensive data analytics to anticipate and understand user needs to deliver new product features. A user generally starts his/her journey with MobiKwik by making a bill payment, a payment at an eCommerce merchant or a person-to-person UPI transfer. We've added contextual triggers to our lending, wealth and insurance products during the most common user transactions to reinforce how MobiKwik is a one-stop-shop for all financial needs. These value-added offerings are fast becoming a core part of MobiKwik as a brand and have resulted in significantly higher user retention and stickiness.

Our product team is particularly thrilled to see that their continuous focus on personalization through engagement with end users via offers, new features and our loyalty program has resulted in MobiKwik's top position in Net Promoter Score (NPS) in the Indian payments category.

In the last year alone, our product team has worked on refreshing the app, launching UPI, credit card payment, shopping loans, term loans and credit line, personal accident insurance, cyber insurance, home contents insurance, mutual funds, digital gold investment, instant redemption mutual funds and tons of under-the-hood improvements.



**TOP POSITION IN
THE NET PROMOTER
SCORE (NPS)
IN THE INDIAN
PAYMENTS CATEGORY**

BANK IN A BOX



We see the future of digital banking not as a “digitally-savvy bank” but as a truly open system where users are free to use their current bank account and use tools like UPI over an app like MobiKwik to complete all of their day to day financial needs - payments anytime, anywhere and to anyone, as well as credit, insurance and wealth products in less than three clicks. Banking for Bharat is not about banking the unbanked any longer because the Jan Dhan Yojana has already ensured that all adults have a bank account. Instead, we see our mission as banking the underbanked - serving the millions of Indians who do have a bank account but get only limited savings and deposit services from their primary bank.

OUR TEAM

Leaders are crucial in any setup but for us, they have been paramount. We have a set of people we trust, for their intelligence, their ownership, their commitment, and their understanding of what we want to achieve. They are the corner pieces in the puzzle we're trying to solve, and we have entrusted them with the responsibility of building the teams that will make us stronger. In FY19 we took significant time to change the way we work. We moved away from a monolithic structure in our functions like Product, Tech, Growth, Marketing, etc. to fully Verticalized Teams - one each for every Business Vertical. This has given Business Heads greater freedom to operate yet they are now more accountable because they control all resources and spends within their respective teams including engineers and product managers. Every Business Team is now answerable not only for their Growth and GMV metrics but also for their individual P&L and it's contribution to the overall company P&L.



UPASANA TAKU
COO



ARIN
MERCHANT OPERATIONS



PREETY PANDEY
CORPORATE FINANCE



SAURABH JAIN
FINANCE CONTROLLER



ANUJ MITTAL
CONSUMER OPERATIONS



BIKRAM BIR SINGH
INSURANCE & BILLERS



VINAYAK N
LENDING



CHANDAN JOSHI
MERCHANTS



SUSHANT KASHYUP
PAYMENT GATEWAY



KUNAL BAJAJ
CO-FOUNDER - CLEARFUNDS



SAROSH IRANI
CO-FOUNDER - CLEARFUNDS



CHIRAG JAIN
TECHNOLOGY



VIMAL GUPTA
INFRA & INFOSEC



VIKAS BIRTHIRE
PRODUCT



CHANDRA SHEKHAR
DATA SCIENCE



MOHIT NARAIN
PRODUCT & GROWTH

We take pride in being an equal opportunity employer. The Indian work environment is changing, and we take responsibility to be instrumental in that change. All of us, who are a part of the Indian workforce, have a responsibility towards creating an environment where women feel confident, that they deserve to succeed. We have a responsibility towards breaking moulds that have been created by hundreds of years of patriarchy and we're doing this, one strong woman at a time. While there is lot of ground to cover, we have some elements shaping up with 36% of our Engineering Managers and 32% of our overall workforce being WOMEN.

Our millennial generation is ambitious and aware and is quick to look for what they want. We consider it our responsibility to realize the potential in a person before they realize it themselves. We're big believers in functional or cross-functional organic growth. People have moved from consumer operations to product management, marketing to business development, tech-ops to development. It gives us great satisfaction to see them grow and succeed. We believe that Organic growth is what makes an organization whole. It makes perspectives balanced, teams come together and helps an organization succeed!

NEW HEADQUARTERS IN GURUGRAM

We shifted to a brand new office a couple of months back and have settled in now. It is warm, colourful and has an open floorplan. We wanted a setting which helped people come together, and that is what we've achieved.





NOBELESSE OBLIGE

*Those in the financial services business should bear the burden of **noblesse oblige** - the responsibility to ensure that the rising economic tide lifts all boats. We've only just begun in our journey of making financial services accessible to everyone - in packet sizes that make economic sense to our customers and to us.*

We're still in the early stages of building every one of our businesses and have a very long way to go to achieve our potential. We will be incredibly persistent, surround ourselves with people smarter than we are and ignore the naysayers on our journey ahead. We will focus on doing the best job possible for the considerable business our customers have entrusted us and are determined to take seriously our responsibility to our employees, our business partners, our shareholders, the regulators and above all, to you, our customers. We look forward to spending the next year doing our best to serve all of you -- our colleagues, partners and customers.



BIPIN PREET SINGH
CO-FOUNDER & CEO