Date: February 06, 2026

To,

National Stock Exchange of India Limited Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra (E), Mumbai – 400 051	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001
Symbol: MOBIKWIK	Scrip Code: 544305

Sub: Transcript of the Earnings Call for Analysts and Investors held on February 03, 2026

Ref: Disclosure under Part A of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

Pursuant to Part A of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Call, which was held on Tuesday, February 03, 2026.

The same will be hosted on the Company's website at https://www.mobikwik.com/ir/financial-statements.

This is for your information & records.

Thanking you,

For One MobiKwik Systems Limited

ANKITA SHARMA
Digitally signed by ANKITA SHARMA
Date: 2026.02.06 16:12:10 +05'30'

Ankita Sharma
Company Secretary and Compliance Officer
Membership No.: A37518

“One MobiKwik Systems Limited Q3 FY '26 Earnings Conference Call”

February 03, 2026

MANAGEMENT:	**MR. BIPIN PREET SINGH – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, ONE MOBIKWIK SYSTEMS LIMITED**
	MS. UPASANA RUPKRISHAN TAKU – EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER, ONE MOBIKWIK SYSTEMS LIMITED
MODERATOR:	**MR. RAHUL JAIN – DOLAT CAPITAL MARKETS**

Moderator: Ladies and gentlemen, good day and welcome to the MobiKwik Q3 FY '26 Earnings Call hosted by Dolat Capital Markets Private Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '*', then '0' on your touchtone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Rahul Jain from Dolat Capital. Thank you and over to you, sir.

Rahul Jain: Thank you. Good evening, everyone. On behalf of Dolat Capital, I would like to thank One MobiKwik Systems for giving us the opportunity to host this Earnings Call.

I welcome the senior management of One MobiKwik Systems represented by Mr. Bipin Preet Singh, who is MD and CEO of the company; Ms. Upasana Rupkrishan Taku, who is Executive Director and CFO of the company.

I would like the management to take us through the Q3 FY '26 Results. And now, I would like the management to take it over from here. Over to you, ma'am.

Bipin Preet Singh: Hi and good afternoon, everyone. This is Bipin Preet Singh. I am the Co-Founder and CEO of One MobiKwik Systems. I welcome you all to the Earnings Call for Q3 FY '26.

Let me start with the summary of what we have done this quarter and then we can get into Q&A as per the questions that are being asked.

So firstly, it is important to rewind and remember that we had given a commitment that we would turn profitable in the second half of FY '26. And I am delighted to report that we have delivered both EBITDA and PAT profitability in Q3 FY '26. We have, as you know, two primary business lines - one is Payments and second is Financial Services where it is primarily digital lending. So, I will cover both of them one by one. And then I will talk about consolidated level performance.

On the Payment side, GMV - which is basically the total value of payments processed - rose to an all-time high in this quarter for Rs. 481 billion, which is a consistent record high for the 12th quarter in a row. So, our payments business growth is intact - it has grown 63% year-on-year and 11% quarter-on-quarter, and primarily it has grown because we have been investing in the growth of both UPI as well as pocket UPI which is our wallet being used on UPI. UPI transactions for MobiKwik, which are visible also on the NPCI website, have actually grown 220% to 3.2 times in the last one year, and despite the UPI share growing from 32% in the same quarter last financial year to 41% this financial year, we have expanded both payments revenue, which in this quarter is Rs. 223.7 crores, and payments net margin, which is around 17 basis points. This demonstrates that while we are growing UPI, at the same time, we do have certain revenue making categories within payments and this growth is translating into revenue generation categories as well. Primarily among them are wallet as well as bill payments.

On the other hand, in the financial services, if you remember, we had a fair bit of tightening in Q3 of FY '25. We were down on disbursals also in that quarter and we changed in the way our arrangements with our lending partners accounted for the revenue, leading to most of the revenue coming back-ended. I am happy to inform you that we have reached a disbursal of personal loans to a high of ~9000 million, which is Rs. 900 crores for this quarter, which is consistent growth over previous quarter, as well as I would say it is a fourth or fifth quarter consistent growth, with actually a 126% year-on-year growth in terms of our ZIP EMI product. So this is a big win for us, of course, on the disbursal numbers, but as the digital lending business which we do is a mix of both FLDG type of business where we do risk sharing and pure distribution, is not only about the headline numbers, but it is also about the underlying quality of the book.

I am happy to report that there is significant and consistent improvement on the back of enhanced credit quality and collection efficiency. So that has resulted in gross profit for financial services at INR 372 million or Rs. 37 crores, which is up 405% year-on-year and 45% quarter-on-quarter. So, it is not just the growth in disbursal and the growth in revenue. It is the margin which has expanded in lending, resulting in better profitability. Lending related expenses came down 57% year-on-year and this is our approach that we obviously want to continue growing digital lending, but we will be taking risk first approach and a core profitable approach over just growth at all costs.

Combining both at a consolidated level, total income has risen 8% year-on-year to INR 2,972 million, which is nearly Rs. 297 crores. And contribution profit has jumped 76% year-on-year, which is a significant jump, mainly because of the improvement in margins, both in payments, as well as in lending to INR 1,288 million, which is almost Rs. 129 crores. Both the margins in payments and lending have improved, and like we said, as margins have expanded, our growth has continued and costs have stabilized. We had an EBITDA swing of Rs. 57.6 crores year-on-year, thereby lending at Rs. 15 crores of EBITDA or INR 150 million, which is a 5% EBITDA margin. And after the finance and depreciation costs, this EBITDA has converted to a PAT of INR 40 million, which is again a swing of Rs. 59 crores year-on-year. So, both on the EBITDA level and PAT level we have big swings. While the journey continues to expand and grow the business, our endeavor will be to continue this growth in a sustainable manner. We are getting closer to a more stable and sustainable operating model, which we hope to continue in the time to come.

So, with this, I would like to thank again everyone who is listening to the call, and I will hand it over to the operator for any questions.

Moderator: Thank you. We will now begin with the question-and-answer session. Our first question comes from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much for this opportunity. Sir, I have a couple of queries. First up, on your financial services. Now, you did mention that there was a fair bit of tightening, right? So how should one look at the trajectory going forward? Because earlier, I think before this tightening, we used to do Rs. 2,500 crores of quarterly kind of a disbursement rate. And currently, it is about Rs. 900 crores. So how should one look at this trajectory? Are we looking or we aspire to go back to what we used to do earlier? And what is the timeline when we can try to achieve that?

Bipin Preet Singh: So we have no such idea that we have to go back to a previous number because earlier number that we were doing was also based off another product, which was buy now pay later product, which, if you remember, if you have seen the performance of the company was a flagship product but since the regulatory position on this product has not been very clear, coming from the market, we had wounded down and if you see after Q4 of FY '25, we have no contribution coming from ZIP, which was our BNPL product, which was countering this disbursal and was contributing at one point of time more than Rs. 1,500 crores of disbursal in a quarter. So not an apple to apple comparison. In terms of the business that we are doing today, it is mainly consumer personal loan and with some bit of secured products also coming in at a very small scale, but mostly it is consumer PL which we are trying to do and approaching doing it with a very risk-first approach. So, our focus is not that we have to grow this number to a specific number next quarter or the quarter after that. We are taking a cautious approach because, as you know, in unsecured business you have to be cautious. Plus, I also think that the overall the ecosystem of digital lending has matured. There is not much appetite for any kind of significant risk taking, when it comes to unsecured risk taking, both in the parts of NBFC and banks as well as Fintechs. So, what you will see going forward is also consistent growth, but making sure that credit quality is maintained, and making sure that costs are under control, and making sure that profitability is there.

Deepak Poddar: Understood. I got it. And my second question, I think we have said in the past as well, we are looking at Rs. 15-Rs. 25 crores of improvement in profitability every quarter, which we achieved this quarter. So, going ahead also, do we have the same kind of expectation?

Bipin Preet Singh: I wish there were a formula that you could improve Rs. 15-20 crores profitability every quarter, it would then become infinite. But unfortunately, that is not the case. Like I said earlier, we can say that we are reaching a more stable operating model. Is there more juice left in the margins? Yes there is, because we do have areas where we are investing but not yet making enough margins, or in some cases not making revenue. There are areas like UPI, where we don't make much in the way of revenue today, but we are hopeful that we will do. There are areas like merchant side payment business, where we are looking at both growth and profitability. There are areas like merchant lending where, again, we are very small, but we clearly see opportunity to expand and add both revenue and margins. However, I do not think we should expect significant more improvement in margins per se. It will be more about growth and growth of revenue and maintaining and growing the margins slowly.

Deepak Poddar: I understood. So, revenue growth leads to what you are looking at, not margin-led growth?

Bipin Preet Singh: Yes, I think margin led growth, there is some juice, but it is hard to say right now how much more is left.

Deepak Poddar: Fair point. That is very clear. It was very helpful. That would be from my side. All the best to you. Thank you.

Upasana R. Taku: Thank you.

Moderator: Thank you. The next question comes from the line of Sanjay Ladha from Bastion Research. Please go ahead.

Sanjay Ladha: Hi sir. Thank you for the opportunity and many congratulations on a great set of numbers. Sir, just a bookkeeping question. In the financial business, can we know the share of DLG versus non-DLG?

Upasana R. Taku: Yes, hi. This is Upasana Rupkrishan Taku. I will take that question, sir. So, the FLDG or DLG led business is 80% of the current quarter's disbursal and 20% is the distribution led risk-free business.

Sanjay Ladha: And sir, as you already highlighted in your starting commentary that the growth is primarily led to UPI business. And despite that, also, we are seeing revenue growth and margin growth. So just wanted to understand the payment side of wallet and bill payment, which you talked about. What is the strategy for us going forward? How should we look at the growth that we are seeing right now in this business has been there for, we see, do we envisage that growth is going forward or any sort of strategy for a longer term? I am not asking for a quarter or two-quarter specific, but from a 2-year point of view, what is the approach of what we are taking?

Bipin Preet Singh: Thank you. Got the question. So let me address that. So, look, we all know that UPI is a predominant payment system, payment mode in the country today, and it has grown 29% over the last 1 year. But at the same time, MobiKik UPI numbers have grown 220%. So, we are growing faster than the overall UPI ecosystem, although we are small. So we have a lot of headroom of growth in users, transactions, and the overall GMV in the UPI. How we are doing it is by investing more in fundamentals like product experience, and coming up with differentiators like wallet, and especially wallet over UPI, which is pocket UPI. So that is a big reason we are seeing growth in UPI numbers because we are the largest wallet, and as per industry data, we have 18% share by value. The wallet business is also growing overall for industry. I, think there is more focus for other industry players as well. So, I do believe that wallets contribute more in terms of revenue, either by MDR, because there is some MDR, and in terms of convenience charges. It is also stickier because pure UPI or bank UPI is easily switchable, but when you use wallet and you do full KYC of the customer, you get a stickier customer who wants to use your wallet instead of using your bank account for all UPI transactions. And that gives us opportunities to cross sell more services, including bill payments. So, we can in some cases get convenience fees as well and in bill payments also you make money from the BBPS ecosystem. So, the whole idea is to grow the topline headline number of UPI transactions and benefit from the trickle down of this growth into revenue generating categories like bill payments, wallet, and other kinds of transactions.

Sanjay Ladha: Sir, just wanted to have a follow up on that side is what we know is pocket UPI and UPI are not fetching any revenue and you are saying that the cross sell has been improving on that side. Can you share the numbers on that side on quarter-on-quarter that cross selling how much because what I understand is your UPI and pocket UPI is growing but, in that space, your revenues also? So, you are doing cross selling of pretty much, but wanted to have more color on that side, because how things are happening on that side?

Bipin Preet Singh: Yes. So, see, as I said, when these UPI numbers are growing as well as pocket UPI numbers are growing, especially because we have the wallet, we are able to generate higher margins. And if you compare it to the industry peers, we have 17 basis points margins on our payments business, which is higher than the industry levels. The reason for that is that it is a sticky customer who is not getting the same option elsewhere, who is not getting the option of a wallet elsewhere. So therefore, the frequency of transactions, average ticket size of the transactions, the propensity of the transactions on bill payments, generating convenience fees, via different mechanisms in the wallet, even the amount of money that they keep in the wallet, all of this results in higher revenue and that is what is actually causing the revenue to grow. In fact, the second order effect is that when you see the growth in consumer personal loans, our investment in marketing has either been stagnant or declined, it has not grown significantly. But at the same time, our digital lending business has grown quarter-on-quarter, simply because we have a stickier customer, who is a higher quality customer and that customer is actually taking loans as well. So overall, our approach is that we are not looking to compete directly with the very top players just in terms of headline numbers. Our focus is to differentiate using the specific products that we have and make that work for the cohort of customers who want to use wallet, want to take a loan, wants to make bill payments using wallet.

Sanjay Ladha: So, in our Q2 call, we have said that our payment business margin or take rate would be 14-15 basis points. Now, it has inched up to 17 basis points. Is it sustainable or will it be back to 14-15? The sustainable will be 14-15 or if you can?

Upasana R. Taku: Yes, hi. So, you are right. We had guided that 13-15 was the right number last quarter. And even now, if you see earnings presentation, we have already guided that while we have clocked 17 basis points this quarter, we believe that on a long-term basis, a more sustainable margin in payments is between 12-15 basis points for us, given the contribution of UPI is going up and looking at the wallet and the bill payments business. So, 17 bps is not what we also see as a long-term sustainable margin but yes, we do believe that 13, 14, 15, which is what we have been doing for the last 4 quarters is a more sustainable net payments margin.

Sanjay Ladha: Ma'am, just a last question on my side is that since we are focusing on credit business, do we internally see any other business coming forward as in the previous comment, you have alluded to wealth management mutual fund side, do we see any take rate on that side, the improvement on that side as well?

Upasana R. Taku: Yes, so thanks for asking that question. We are committed to the mid-to-long basis, we will be scaling our wealth offerings, just from a completeness of offering to the user and from the perspective of strong engagement and monetization. But in the short to midterm, we don't expect any significant monetization from our wealth or broking offerings. We are building those products, but in the short to midterm we expect that our existing business of consumer payments, our existing business of financial services that are now demonstrating strong margins will continue their scaling growth and will add to the bottom line. We also want to highlight that our current focus in terms of growth is on building the merchant payments category, because if you see our entire last year, we are doing very well on consumer payments growth. But while this is accelerating, we also want to build new moats and merchant acquiring business is a very good opportunity for us, because firstly this market is large and fast growing. Secondly, we already have the right foundation in terms of our products and our people in this business. So, while we are currently small, we are ramping up our efforts on offline merchant acquiring. In fact, we have improved our footprint from 366 cities to 1118 cities, because we believe that underpenetrated markets will offer us good upside from a long-term potential perspective and we do want to scale up our merchant business there - the device business, EDC and soundboxes. And then on the back of deepening merchant engagement, we would want to build merchant lending business also. Similarly, on the online merchant acquiring side, you would know that our wholly owned subsidiary Zaakpay has an online payment aggregator license from RBI, which we also got in this financial year only and here we are also trying to increase our e-commerce merchant base and GMV from those merchants. And in the short term, we expect that existing business and merchant business, which I just described, are the growth opportunities in terms of scaling up our overall business.

Sanjay Ladha: Ma'am, I am sorry, just to follow up on that side, in the merchant payment category, the larger player has already gained the market share. So, what are we offered differently compared to, because the base has been quite large for the larger player and we are small on that side. So just have your view, what are we doing differently on that side to acquire more customers in the merchant category side?

Upasana R. Taku: So, sir, you are right, we are still very small, but this market is extremely large from total addressable market perspective and despite the fact that there are 2-3 large players, the market is not fully penetrated. Also as per various industry reports, the market itself is going to double in the next 5 years. Given our strong base in the payments sector for the last 16 years, we do believe that we have an opportunity to capture a piece of this market. We have been doing the payment gateway business in terms of online before also, and it is only post COVID that we had scaled down that business. So that is a no-brainer for us. We already have strong partnerships with more than 1.5 lakh e-commerce merchants, with whom we have a partnership for them to accept MobiKwik wallet and MobiKwik UPI on their app checkouts. So doing a cross-selling transaction processing for credit cards, debit card, etc., is not very difficult for us. Of course, we have to give them value-added products and services which will make it sticky for them. On the offline merchant side, I think you missed the point which I said that our focus is not so much on the large cities, but we are focusing on more Tier 2, Tier 3 markets where we see that there is a lot of room for growth, and those merchants do not already having one or two soundboxes or EDC machines. So, there is a lot of room for growth there. So, while there are players who have scale, they have not reached all of India. And further, the market itself is expected to double in the next few years with seamless transaction processing and seamless transaction settlement to these merchants. And the additional advantage of doing value added products or services for them, whether it is in terms of merchant loans or whether it is in terms of giving them advertising or other revenue streams, we have a lot of opportunities to create our own space in this sector.

Sanjay Ladha: Thank you so much, ma'am, for answering and all the very best. Thank you.

Upasana R. Taku: Thank you.

Moderator: Thank you. The next question comes from the line of Vineet Gala from Xylum PMS. Please go ahead.

Vineet Gala: Hi, congrats on a good set of results. So, in continuation of the previous discussion on the multiple businesses we are incubating, can you let me know that ex of payment and lending business would be the incubation cost that is hitting our P&L? And how are we budgeting this for next year?

Upasana R. Taku: Just to repeat, your question is that how much are we burning on incubating new businesses?

Vineet Gala: That is right. So, ex of payments and lending business, what would be the cost that is hitting our fixed cost element in the P&L?

Upasana R. Taku: Yes, so the merchant business that I just described, which we are trying to build, merchant offline devices and online merchant, I think put together would be around Rs. 13-Rs.15 crores of burn every quarter.

Vineet Gala: So how are we budgeting this for the next year? Next year, are we expecting a breakeven on these particular businesses?

Bipin Preet Singh: So multiple sub-segments within these businesses are already approaching breakeven. We have been investing in these businesses, building up the tech stack, the product sales muscle over the last couple of years, trying to perfect it and I think we are getting close to a place where both of these businesses will breakeven eventually. It may take a couple of quarters, 2 or 3 quarters but our hope is that they will breakeven and then basis that benefit will start coming up, both in our bottom line as well as in our top line.

Vineet Gala: Fair enough. Also, on the Payments business, we have optimized a lot on the payment gateway cost. So, if you can help me understand what percentage of our own internal transactions are we processing internally via Zaakpay? And is there any further room for reduction from the gateway cost of say like 27 bps?

Bipin Preet Singh: So, we at MobiKwik use multiple payment gateways, which include Zaakpay and currently over the last many quarters, the share of Zaakpay for MobiKwik has been anywhere between 30% all the way up to 50%, depending on the commercials that are available. There are obviously good payment gateways available outside of Zaakpay as well, which we also use at scale, and we use that to make sure we get the best benefit of performance and commercials for the MobiKwik business.

Vineet Gala: So, is there any further room of?

Moderator: I am sorry to interrupt, Vineet, I would request you to rejoin the queue for any further questions. Thank you.

Bipin Preet Singh: That is okay. So, there is not much more room available. I think we are operating there especially from card transactions point of view. However, as I said, for the UPI transactions, we are still not making money. So, we do expect that for UPI transactions, also, we will start getting the benefit over the next few quarters but that will necessarily not come via the online payment gateway.

Moderator: Thank you, sir. As the participant has dropped, we will move to the next participant who is Atul Ghodse from JM Financial. Please go ahead.

Atul Ghodse: Hello, team. Thanks for the opportunity. I had two sets of questions. One is on the recent, that we are talking about offline penetration that you are doing on the merchant side in terms of devices. Could you shed some light on like, how many devices we have deployed so far, active devices, or the geographies we are targeting? As you said, you are mostly expanding into lower tier cities, considering there is uncertainty regarding the PIDF incentives. Do you think this move is right? And the second one is basically a clarification on the BBPS transaction value that we have. So, does that also include the rent payments, considering RBI has banned the rent through credit card? Thank you.

Upasana R. Taku: Right. So, we will take your first question first. So, we have already informed as a first step that we have scaled up from about 300-odd cities to 1100-odd cities. And you said that since PIDF is not coming, does that make sense? So, I would like to first clarify that PIDF as well as consumer side UPI incentives put together are only 0.4% of our revenue this quarter, and for other quarters. So these incentives are very small compared to our overall revenue and are therefore not material to us. So, our offline merchant growth strategy is also not linked to these incentives. Rather, we are building the business for core business fundamentals only. That is the first piece. We would not like to give any more numbers in terms of scale of devices or geographies where we are strong. It is a little too early to give that information. And the second question that you had is about Rentpay. Yes, Rentpay as a category has been shut down across all the players in the market. And so yes, it has been shut down on our platform as well and yes, the revenue coming from Rentpay would have been there in the bill payments category in the previous quarters but in this quarter, it is negligible, if not zero.

Atul Ghodse: All right. Thank you.

Moderator: Thank you. The next question comes from the line of Smit Shah from JHP Securities. Please go ahead.

Smit Shah: Yes. Firstly, congratulations on the good set of numbers. My question would be that lending related costs have gone down to 3% of the digital credit GMV in this quarter. So, what would be a sustainable range for FY '25? And this quarter, we have clocked 57% gross margins in the financial services vertical. So, if you can provide guidance for FY '25 in terms of gross margins and lending related costs?

Bipin Preet Singh: So, thank you for that question. We can't provide specific guidance but like I said in my summary, where we are today in terms of margins in the digital lending and financial services is kind of in a stable zone assuming that we can continue to maintain the credit quality and collection efficiency, which we do believe we can. These are the kinds of decisions and investments we have made, both at a risk policy level as well as setting up the collection infrastructure. We have seen the cohorts of static pool risk performance continue to improve and maintain over the past many quarters. So therefore, we do believe that we can continue to maintain this margin. Whether it will improve significantly from what we have just reported, that remains to be seen. I cannot comment on that, but it will definitely be in the same zone.

Smit Shah: Got it. Fair enough. And out of the 21% sequential growth in the UPI GMV, how much growth was driven by pocket UPI?

Bipin Preet Singh: So currently, we are not disclosing the split between UPI and pocket UPI, given that look, we are still a small player in this. We will do that in coming time. But what we do believe is that people choose UPI, bank UPI on MobiKwik app, part of the reason why they choose that is also because pocket UPI is available to them. So, when they want to do a small transaction, they end up using a pocket UPI. But if it is a large transaction, they end up using bank UPI. So that combination works for people who understand that. And therefore, we are seeing the kind of growth that we are seeing.

Smit Shah: Got it. But just qualitatively, was it like more than half of the growth was driven by pocket UPI?

Bipin Preet Singh: No, it is not the case. We have consistent growth in bank UPI as well as pocket UPI. In fact, in Bank UPI, our investment in the product and tech stack, which we have built, has actually given us very good results.

Smith Shah: Got it. Thank you so much and all the best.

Moderator: Thank you. The next question comes from the line of Ankush Agrawal from Surge Capital. Please go ahead.

Ankush Agrawal: Yes, thank you for taking my question. Firstly, just a clarification, the pocket UPI and UPI Rupay credit card is still not monetized, right? The total money that we are making on the payment side is largely the wallets and the bills.

Bipin Preet Singh: Yes.

Ankush Agrawal: The second thing I want to understand is, on your presentation, you have stated that the Zaakpay GMV has grown about 236% Y-o-Y, whereas if I look at a KPI book, that number is around Rs. 1,000 crores for the quarter. And the same number was Rs. 943 crores Q3 FY '25. So, I cannot understand that?

Upasana R. Taku: Yes, thanks for that question. On the same slide that you are looking at, which is the building new mode slide, there is a star marked with the GMV. So, the GMV here excludes MobiKwik related GMV and it excludes loan repayment related GMV, which we think of both of these as pass-through transactions and so we are looking at growing the net new business in GMV. So, for example, what are my new.

Ankush Agrawal: Yes, I understand that. But I think the KPI book number is net of these pass-through only, Rs. 1,000 crores, Zaakpay gets payment?

Upasana R. Taku: No, the loan repayment pass-through is still there in the KPI but for business growth purposes, we are netting that off. So, this number excludes both MobiKwik as well as loan repayment related.

Ankush Agrawal: So, the KPI book number is including loan is what you are saying?

Upasana R. Taku: Yes, that is right.

Ankush Agrawal: So, will it be possible for you to start sharing that net of that core Zaakpay outside business?

Bipin Preet Singh: We will eventually start sharing it but you should know that right now, the net contribution of Zaakpay or the devices offline business is still very small to the overall, it is not even a decent number. That is why we are not giving it, but point taken.

Ankush Agrawal: Thank you.

Moderator: Thank you. The next question comes from the line of Rahul Jain from Dolat Capital Markets. Please go ahead.

Rahul Jain: Hi.

Moderator: Rahul sir, please go ahead.

Rahul Jain: Yes. Thanks for the opportunity and congratulations on strong performance. So firstly, in our shareholder letter, you have expressed your focus on merchant acquisition both online and Zaakpay. So, in that light, can you share what are your top priorities here in terms of spending, QR and EDC or the merchant count addition? And how do you think it feeds into our merchant advances business on the project side?

Bipin Preet Singh: So, Rahul, thank you for the question. So we are trying to build the business in a slightly more sharper fashion compared to how it has been built by the very big players in the offline merchant space, where their focus is primarily to acquire as many merchants as possible, then identify those merchants where they can monetize either through Soundbox or through merchant loans or devices, etc. Because we are not in a position to invest that much capital into the expansion of the merchant business, we have to take a more profitable and sustainable approach and so the way we are going about it is more scientifically identifying those merchants and those categories of use cases, where we have a much higher propensity for the merchant to be monetized, primarily through merchant loans, but also through devices. And with that we can achieve breakeven at a much smaller scale compared to what the incumbents have achieved over the past many years. And we have taken the same approach, as you know on the consumer side, where we said that we don't need to be the largest UPI app in order for us to have enough customer stickiness as well as enough monetization to be a profitable business and we have demonstrated that. We are taking on the same learnings to be very cautious and very sharp about how we build the business on the merchant side. Our strength is primarily on the technological side. Our strength is on data intelligence and data analytics. So, we are taking a very clear but sustainable approach towards this business.

Rahul Jain: One more question from my side on the lending business, how do we see this lending operational cost trend out on a more sustainable basis? What kind of margin are we looking at in the lending business?

Bipin Preet Singh: I think Upasana already answered this. We are in a fairly stable zone when it comes to the lending margins, the Financial Services margin that we are seeing. We operate with a stable credit quality, stable credit cost, and a stable take rate. So, we are not charging too high to the customer. We do not have very high margins as well. We are not operating with high credit costs. So, it is a very careful balance that we are maintaining and hopefully that will continue to give us a similar kind of margin in the coming quarter. Will this improve significantly from where it is? It is very hard to say. I do not think there is that much juice left. I think the growth in the Financial Services business now will come from the growth of the topline numbers, growth of revenue with margins being in a similar zone, but because the margins are so good in Financial Services that will obviously impact on the profitability and bottom line of the business. And in terms of older loans than the loans that we have already disbursed, we do believe that pre-approved as well as repeat loans will be helpful in further reduction of credit costs beyond what we have seen already.

Rahul Jain: Thank you. That is it from my side and best wishes for the time being.

Moderator: Thank you. The next question comes from the line of Ram Sinha, an Individual Investor. Please go ahead. Ram, please go ahead with your question.

Ram Sinha: I want to ask what is the realization in bond?

Upasana R. Taku: I am sorry, can you repeat the question?

Ram Sinha: How much revenue is being generated by our bond and what is the realization? I am asking about the new product which has been launched.

Bipin Preet Singh: So, the bond product that we have put on our website, it is an experiment. It is too early to say what the realization is, but we do see the revenue realization will be between 0.5% to 1.5%.

Ram Sinha: Thank you. Thank you very much.

Moderator: Thank you. The next question comes from the line of Sanjay Chawla from Renaissance Finances. Please go ahead.

Sanjay Chawla: Thank you for the opportunity. On the lending side, the take rate continues to decline. So where should we assume, the steady state would be given your mix is 80-20 in terms of FLDG and non-FLDG?

Bipin Preet Singh: So currently it is 80% FLDG and 20% distribution. We think this will continue or will continue to move more towards distribution, but FLDG is where our sweet spot is. We do make a good amount of money there but also certain kinds of loans like higher ticket loans, we do not want to do in FLDG. So, we end up working with certain lenders like L&T or Poonawalla and some of these guys to do higher ticket loans for higher tenures. We do it in distribution model. So there again, take rates are 2.5%, 3%, 3.5%. Those are the take rates that we have. It is same as the margin that we are making overall in our lending business because there are no direct costs there for collections or any responsibility for credit quality. So, in terms of total take rate, we think that it is stable, like the 7% number, it is in the ballpark. It may also reduce a little bit. But if it reduces, it means we are giving loans at a, let us say, lower price. Our partners give loans at a lower price but that also will mean that the credit cost will be lower. And therefore, the margin will be similar. The margin will not get impacted even if the revenue gets impacted slightly.

Sanjay Chawla: And you indicated the normalized margin, like contribution margin in lending business would be in 3%-4% range. This quarter, you have done 4.13%. Is there any one-off, anything on the collection side you had one-off, which will probably not continue and then you get into the 3%-4% zone?

Bipin Preet Singh: See, like, these are broad numbers, 3%-4%, it can be 3.5%. It can be 3.25%. It can be 4% and some of that can be a function of a slightly different commercial model we may have with different lenders that we have in place. So, it is mostly a function of that rather than any change in the underlying credit quality or underlying any assumption.

Upasana R. Taku: Just to clarify, there is no one-off in the current quarter.

Sanjay Chawla: My second and last question is have you started doing merchant loans also, or are you waiting for a certain minimum scale of white-listed figure to start operating?

Bipin Preet Singh: We operate merchant loans, but it is at a very small scale. We have been testing the grounds for past many quarters, collecting data, perfecting the model. We do hope to scale it up in the coming quarters.

Sanjay Chawla: Is there a minimum period of data that you look at in terms of look back data before you put it in the whitelist and start offering it?

Bipin Preet Singh: So hard to say that, but you are right, there has to be a minimum, a few months of merchant being active before he can be given a loan, he or she can be given a loan. However, this is with the assumption that the credit quality or the credit score of that merchant is same, but for better quality merchants, these periods can be either reduced or can be increased also.

Sanjay Chawla: My last question is when do you see an inflection point on the merchant loan side in terms of the loan amounts and the number of merchants who can borrow?

Bipin Preet Singh: I would say it will start having some numbers in the next financial year, for sure but it is not possible to give any particular prediction right now.

Upasana R. Taku: Currently, it is too small. So, we should treat it as experimental right now.

Sanjay Chawla: Great. Thank you and all the best.

Upasana R. Taku: Thank you.

Moderator: Thank you. We take our last question from Umang Patel with Nuvama Wealth Management. Please go ahead.

Umang Patel: Yes. Good evening, ma'am. Happy on good results for MobiKwik. I am taking you from the last question. Just one question from my side. How do you decide to do FLDG and how do you decide which one to pass to the distribution model in your lending business?

Bipin Preet Singh: So, we have a sweet spot of ticket size and tenure. Typically, if it is a customer who wants a loan of up to Rs. 1 lakh, give and take Rs. 10,000-Rs. 20,000 up and down, if that is the requirement of the customer and if it fits in with the credit profile and if the customer can pay back with an EMI of roughly Rs. 10,000, then it falls in the FLDG category for us because that is the business that we have done. We have seen the risk cohorts and we have improved the risk cohorts, and we are confident about collection. If it is too small, let us say Rs. 10,000-Rs. 20,000-Rs. 30,000 or if it is much higher than Rs. 1 lakh, let us say if it goes above Rs. 2 lakh, Rs. 3 lakh, in both cases, for the reasons that we are not comfortable with the risk profile of that customer or the tenure of the loan, we don't take any credit risk and we end up passing the leads to our partners who are better equipped to assess the customer. We are happy to make just a pure distribution margin on such products.

Umang Patel: Thank you, sir. Yes, congratulations on good results. Thank you.

Bipin Preet Singh: Thank you.

Upasana R. Taku: Thank you.

Moderator: Thank you. Ladies and gentlemen, that concludes the question-and-answer session. I would now like to hand the conference over to the management for the closing remarks.

Upasana R. Taku: It has been a great pleasure to update all of you on our results this quarter. I do believe that with a lot of heads down work, the company has delivered on its commitment and has come back into the black after a few quarters of struggle, and we hope to continue growing from here in a very thoughtful and responsible manner across payments and financial services. Thank you so much and we will see you again next quarter.

Moderator: Thank you, ma'am. Ladies and gentlemen, on behalf of Dolat Capital Markets Private Limited, conclude this conference call. Thank you for joining us and you may now disconnect your lines.