

March 12, 2022 | Publication: [The Economic Times](#)

### **IPO : Mobikwik drops 50% in unlisted market, more downside left despite first-ever profit?**

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New Share price of fintech player One MobiKwik Systems, the parent company of Mobikwik, has been dropping in the pre-IPO markets despite the company posting its first quarterly profits.

The recent meltdown in the newly-listed startup IPOs deferred the primary issue plans of the company, which is further hurting its stock prices.

Shares of Mobikwik are currently trading at Rs 600-650. However, the scrip has lost about half its value from its peak, when it was trading at Rs 1,200-1,250.

Dealers active in the space said that pricey valuations, correction in listed fintech players, lack of sound fundamentals, abject business model and now delay in IPO plans is weighing on the company sentiments.

Hitesh Dhankani, co-founder, Analah Capital expects more correction in the counter and the prices may fall down to Rs 400-450. However, it may take time as there is no seller at current levels.

"Profits in only one quarter cannot support the quarter," Dhankani added. "Look at Fino Payments Bank which is the only listed player. It has seen a sharp correction on the back of expensive valuations."

Mobikwik had reported a net profit of Rs 7 crore in the third quarter of 2021-22, after losing money in the first and second quarters.

"In the last quarter, the company achieved profitability for the first time. We expect to be profitable in the fourth quarter as well. We expect our full FY23 to be profitable," said Upasana Taku, co-founder and Chief Operating Officer, Mobikwik.

The company's revenue for the nine-month period ended December 31, 2021, was over Rs 400 crore, representing 86 per cent year-on-year growth, said payment solution player's boss.

Market participants said that the absence of buyer's interest is spooking the counter and many investor's are trapped at higher valuations, who are not willing to book losses.

Sandip Ginodia, CEO, Altius Investec said, "Amid all the gloom, profitability is the only silver lining for the company. If they are able to maintain a positive bottomline, the company still has a chance to grow."

If profitable, fintech companies are both value and growth play as they can scale up rapidly, Ginodia adds. "However, without a bottomline, they are not a viable investment option."

The Gurugram-headquartered mobile phone-based payment platform earlier postponed its planned initial public offering (IPO) with concerns about high valuations and startup profitability closely associated.

Taku, in January of this year, said IPO is a once-in-a-lifetime opportunity and that Mobikwik will not want to approach the market when it is performing erratically, opting to wait for the market to stabilise.

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