

# Zacks Small-Cap Research

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## MoneyOnMobile

(MOMTD-OTCQB)

### MOMT: Bringing Digital Payments to India's Cash-Based Society

Based on an industry average EV to sales valuation, we believe that MOMT stock is worth \$9.50 using estimated 2018 calendar year revenues.

Current Price (05/15/18) \$5.95  
Valuation **\$9.50**

### OUTLOOK

MoneyOnMobile is bringing electronic payment capabilities to India's cash-based ecosystem through a low-cost SMS text based network that allows people send and receive money and pay bills using only cash. Using a distribution network of 350,000 locations MOMT shares revenues with its retailers to allow bill payment and money transfer throughout 700 cities in India. The company is in the midst of a capital raise to support growth and bring on new services. We believe FY 2018 revenues grew 77%, and we expect continued rapid growth going forward.

### SUMMARY DATA

52-Week High \$14.20  
52-Week Low \$3.30  
One-Year Return (%) -23.7  
Beta 3.5  
Average Daily Volume (sh) 8,010

Shares Outstanding (mil) 3.9  
Market Capitalization (\$mil) \$23  
Short Interest Ratio (days) 1.7  
Institutional Ownership (%) 0  
Insider Ownership (%) 35

Annual Cash Dividend \$0.00  
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates  
Sales (%) -67.3  
Earnings Per Share (%) N/A  
Dividend (%) N/A

P/E using TTM EPS N/A  
P/E using 2018 Estimate N/A  
P/E using 2019 Estimate N/A

Zacks Rank N/A

Risk Level High  
Type of Stock Small Growth  
Industry Business Services

### ZACKS ESTIMATES

#### Revenue

(in millions of \$)

	Q1 (June)	Q2 (Sept)	Q3 (Dec)	Q4 (Mar)	Year (Mar)
2017	\$1.4 A	\$1.1 A	\$1.0 A	\$0.8 A	\$4.0 A
2018	\$1.2 A	\$2.0 A	\$2.8 A	\$1.5 E	\$7.5 E
2019	\$2.6 E	\$3.3 E	\$5.0 E	\$8.0 E	\$18.9 E
2020					\$33.1 E

#### GAAP EPS

	Q1 (June)	Q2 (Sept)	Q3 (Dec)	Q4 (Mar)	Year (Mar)
2017	-\$0.80 A	-\$0.61 A	-\$0.88 A	-\$0.62 A	-\$3.41 A
2018	-\$1.01 A	-\$0.47 A	-\$1.12 A	-\$0.71 E	-\$3.62 E
2019	-\$0.69 A	-\$0.52 E	-\$0.23 E	\$0.08 E	-\$1.24 E
2020					-\$0.34 E

Zacks Projected EPS Growth Rate - Next 5 Years % **35**

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## KEY POINTS

- MoneyOnMobile is bringing electronic payment capabilities to India's cash-based ecosystem through a low-cost SMS text based network that allows people with limited or no access to bank accounts, who are half the population, send and receive money and pay bills. Ninety five percent of all consumer transactions in India use cash. MOMT's time saving network allows consumers to pay bills and/or receive cash by visiting a local retailer and completing all their transactions in one location. For example, instead of visiting the phone, electric and water companies and standing in line to pay in cash at three separate offices, one stop at a MoneyOnMobile retail location lets the customer hand over cash and make payments to all three at once. This service is free to consumers as the costs are born by the company getting paid as it alleviates them of handling cash and staffing personnel to receive payments.
- The company allows customers to pay over 50 different providers located through India through an enabled retailer network of 350,000 locations. This includes utilities, mobile phone and cable service, transportation and movie tickets, as well as on-line shopping and transferring money to other people.
- The MOMT service not only allows customers to send OUT payments, it also lets consumers get cash out of a bank account where many of them get their paychecks deposited. This also aids the retail location by reducing in its cash drawer and turning it into an electronic balance. It saves the merchant a trip to the bank to deposit cash and puts that cash to immediate use in its account. This service completes the cash cycle at the agent level – cash comes in from bill payment or money transfer transactions then the same cash goes out for a cash withdrawal.
- While there are numerous competitive electronic payment system networks available in India, most are based on the customer having a bank account and/or using debit and credit cards.
  - Approximately half of all Indians do not have bank accounts and/or computers or even smartphones and rely on cash. Most Indians are unable to use these card and bank account-based networks.
  - Most of these alternative solutions can only be profitable at higher transaction sizes, as they must pay banking and card fees plus support an Internet based network.
- MOMT is expanding its offerings beyond payments and cash withdrawals and now includes selling services such as two-wheel insurance and making loans. In the near future, pending approval from the Reserve Bank of India, it plans to partner with inbound remittance partners to allow it to disperse cash from people abroad sending money home to India.
- MOMT is in the process of a rights offering at \$6 per share and hopes to raise \$4 to \$10 million to fund its growth. Given our estimates and peer comparables we believe that MOMT stock is worth \$9.50 per share based on an industry average EV to sales of 4.1 times and our calendar year 2018 estimate of \$12.7 million in revenues. Given the company's revenue potential for 2019, the stock price could move to \$34 per share based on this multiple.

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## OVERVIEW

MoneyOnMobile began as an idea from four Indian entrepreneurs who came to Harold Montgomery for start up money. He was a well-known authority and investor in payments systems and agreed to begin investing in MoneyOnMobile in 2012. Eventually his investment group became the controlling owner, and in 2015 it

sold its other assets to concentrate solely on India's digital payments market. MoneyOnMobile operates from offices in Mumbai, India, and the business is co-managed with a team based in Dallas, Texas. The key to MOMT's success is its low-cost payment network. It can make money at transaction sizes far below its competition due to its reliance on SMS texting rather than integrating with banks or card networks. MoneyOnMobile uses APIs to connect digitally with third parties and does not pay any fees that competitors pay. MoneyOnMobile end users typically spent about \$1.00 for each mobile phone top-up and the average domestic remittance is for about \$50. The bank and card-based competition cannot make money on very small transactions due to their higher costs of transaction processing.

Two initiatives recently decreed in India are spurring the use of networks such as MOMT. The first is that the government of India has started to require large employers to pay employees by depositing money into the employee's bank account or by prepaid card. We expect that to trickle down to smaller and smaller companies. This mandate leaves many citizens under banked – meaning they have a bank account, but do not have access to a bank or ATM to get their cash. (India has approximately 155,000 bank branches and 200,000 ATMs for a population of 1.3 billion, leaving it with about 10% of the coverage ration the US has.)

Secondly, the Indian government recently implemented Aadhaar, a national biometric-based identity project for all its citizens. Aadhaar is a 12-digit unique identifier issued to all Indians. As part of this ID program, the consumer's ten fingerprints are linked to each individual's number. Over 1.19 billion people have been enrolled to date, or almost 99% of the country. This government ID allows people to link their bank accounts, mobile phones, and other services together. MOMT is using this systems and finger print scanner technology with its MOM ATM product that allows consumers without a debit card to use its cash-out solution. It lets customers to withdraw larger amounts of cash per day going from 2,000 rupees to 10,000 rupees using this system. Pending approval of its license application by the RBI, MOMT will someday be able to offer 50,000 rupees in cash at once for inbound international remittances. We believe MOMATM's represent over 42% of all MOMT revenue.

## **Two-Wheeler Insurance**

Since of October 2017, MoneyOnMobile has been collecting payments for insurers offering two-wheeler insurance. Although the government of India has mandated liability insurance for all motor vehicles, recent research shows that only approximately 40% of vehicles have complied and are insured, leaving a large market of uninsured vehicles. While insurance has been mandated for some time, the government is now beginning to enforce its usage spurring drivers to now purchase it. Sales are going well and MOMT hopes to add two new insurance products soon.

## **MOM Capital**

With a lending partner, MOM Capital has processed loans for working capital to support its retailers. MoneyOnMobile earns a commission based on the loan amount, which is typically \$500 to \$5,000, and its platform is used to disperse the funds as well as to collect the loan repayment premiums. The bank making the loan assumes the loan risk. MOMT has the cost structure to process these loans cost effectively, (many of which have very small payment sizes,) as well as to provide information on the borrower to the lender.

## COMPETITION

### Cash

MoneyOnMobile's main competition is cash. Cash is the incumbent solution for paying bills and getting paid by government and employers. While cash is ubiquitous, it has its disadvantages. Cash requires the customer to be in a physical location to make the transfer. It can be stolen and transacting in cash takes more time especially when multiple transactions in different locations are involved. It is also not easy to move cash to a distant location such as when sending money to a relative in a different city.

The government of India is now requiring large employers to pay their employees by direct deposit into a bank account or by issuing reloadable prepaid cards. We expect that to spread to smaller companies. Some of these employees have no way to get cash out of these accounts or cards and MoneyOnMobile now provides an alternative to going to a bank or ATM. India is underbanked and banks and ATMs are often located far away from the customer and there are far too few to properly service the population of India. MOMT solves the problem of building banks or installing expensive ATMs by providing an inexpensive card swipe terminal, which the company calls the MOM ATM. This device allows consumers to swipe a bankcard and withdraw cash from the merchant's till.

### Debit and Credit Cards

The main competitive disadvantage debit and credit cards have versus MOMT is the cost of doing business by virtue of the high banks fees. This methodology will always make less money on transactions, as bank fees for credit cards are 1.95% for a credit card transaction and 0.9% for a debit card. MOMT pays no such fees.

### EBIX Cash

EbixCash is MOMT's main competitor. It was founded in 2006 and is located in Mumbai, India. Since May 2017, EbixCash has been part of publically traded Ebix Inc. (EBIX), a \$2.5 billion international supplier of on-demand software and e-commerce services to the insurance, financial and healthcare industries. On April 3, 2018 it acquired CentrumDirect for \$175 million. CentrumDirect is the leader in India's foreign exchange and outward remittance markets and it will be integrated into EbixCash. Its network consists of 75,000+ EbixCash World Outlets across 3,000+ Tier I to IV cities. Ebix provides similar payment rates to its retailer and can take cash for payments but its system is Internet based and it cannot receive transactions from an SMS text.

### Eko

Eko can also take cash payments and operates on an SMS network but is a much smaller player. It was founded in 2007 by brothers Abhishek Sinha and Abhinav Sinha and since then has built a patented 2-factor authentication solution. It has 20,000 retailers in 50 cities. MOMT competes against them by providing wider reach, 24/7 support and faster refunds to retailers. Eko is based in New Delhi, India and has over 140 employees. It has \$5.5 million in venture funding.

### Paytm

Paytm was founded in 2010 and is based in Delhi, India. It is the consumer brand of India's leading mobile Internet company [One97 Communications](#). Paytm is India's largest mobile commerce platform and it provides banking and insurance. Paytm provides consumers a digital wallet that must be loaded with a balance from a bank account, credit or debit card or cash at selected partner locations. It then can be used to pay for goods and services. Paytm started by offering mobile recharge and utility bill payments and today it

offers a full marketplace to consumers on its mobile apps. Although Paytm says customers can use cash, its wallet is usually loaded via debit cards or to a lesser extent, credit cards. As a result, its costs are higher and it does not share with retailers the same amount as MOMT does. Paytm's cost to load a wallet using a debit card is 0.9%. As its costs are higher it cannot afford to give retailers as high a fee as MOMT can with its inexpensive cash-based network. Paytm has over 20 million users and processes more than 15 million orders per month. One97 investors include: SAIF Partners, Intel Capital, and SAP Ventures." Softbank funded its last round for \$1.4 billion at a \$7 billion valuation.

## **MobiKwik**

MobiKwik was founded in 2009 and is based in Gurgaon, Haryana, India. MobiKwik is a popular mobile wallet app in India. It is India's largest independent mobile payments network, with over 35 million users and 100,000 retailers who use it for shopping, P2P money transfer, & bill payments. The company has raised \$162 million in three rounds of funding from Sequoia Capital, American Express, Tree Line Asia, MediaTek, GMO Payment Gateway, Cisco Investments, and Net1. Bajaj Finance owns 12.6% of the company. MobiKwik is working to expand its offerings and most recently launched a SaaS based digital solutions, *Magic*, to digitize corporate processes, rewards and reimbursements.

## **Oxigen Services India Private Limited**

Oxigen was founded in 2004, is based in Gurgaon, Haryana, India, and has over 800 employees. It provides mobile & online payment processing and provides money transfer services founded as a bill payment solution for telecoms and utilities. It has approximately 1 million locations and does more than 50 million transactions per month for over 150 million customers. Its integrated payment processing platform facilitates prepaid, postpaid & subscription based services including mobile money transfer, recharges, bill payments, ticketing and subscriptions for all leading service providers across a wide spectrum of industries. In addition, it offers the Oxigen Wallet--India's first non-bank mobile wallet app, which allows sending and receiving money through Facebook, Whatsapp, Twitter, SMS and email to anyone with a mobile number or bank account in India.

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## **INDUSTRY OUTLOOK**

### **Payments In India**

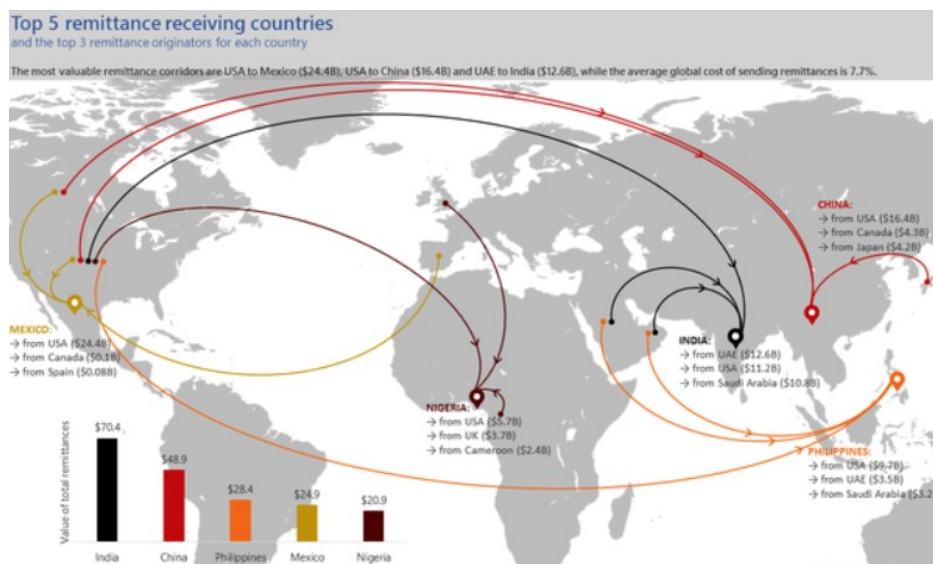
According to The World Bank, India has a \$2.2 trillion economy growing at 7% per year, and about 95% of all consumer payments are made using cash. MOMT's market opportunity is to capture those transactions being made with cash rather than to dislodge other players providing digital transactions.

There are 400 million people in India without a bank account. There are another 200 million people in India are considered "underbanked." This means people who do have a bank account, but live far away from a bank or even an ATM. India has about 155,000 bank branches and 200,000 full size ATMs — or roughly about 10% of what is required to match the same availability per capita, as we have in the United States. These 600 million people are MOMT's target market. In addition, smartphones only have a 27% penetration in India and many payment systems available in India require the use of an app or online banking. The remaining 73% of the population who use only feature phones can use MOMT's text-based solutions.

### **Inbound International Remittances**

India is the largest recipient of international remittances, according to the World Bank and people sent \$69 billion to India in 2017. Remittances to India grew 9.9% over the previous year, but still down from the peak of \$70.4 billion received in 2014. People in the UAE send the most money to India at \$12.7 billion a year, US send \$11.2 billion, and Saudi Arabia sends \$10.9 billion of that \$60 billion each year. Worldwide, the average cost of sending \$200 was 7.1 per cent as of the first quarter of 2018. MOMT is

targeting customers in rural locations who need to get cash from a transfer but cannot reach a bank or ATM conveniently.



## MANAGEMENT

**Harold H. Montgomery**  
Chief Executive Officer

Mr. Montgomery has been Chairman, CEO, and Secretary of MobileOnMoney since April 2010. Since March 2012, he has also been Chairman of the Board of Digital Payments Processing Limited, a majority-owned subsidiary, and a member of the board of directors of My Mobile Payments Limited, a DPPL affiliate. In 1987, Mr. Montgomery co-founded ART Holdings, a merchant payment processing company. There he led a team that underwrote and acquired merchant portfolios between 2003 and 2009. Mr. Montgomery has more than 25 years of payments industry experience including work in the ISO, merchant payment processing and mobile payments vertical markets, and in sourcing capital. He has been a resource for the Federal Reserve Bank Card Payment Center and has served the U.S. Congress as an expert witness on credit card legislation. Mr. Montgomery earned BA and MBA from Stanford University.

**Scott S. Arey**  
Chief Financial Officer

Mr. Arey has been the CFO since October 2013. He has over 25 years experience in finance including at KPMG Peat Marwick, Bank of America, and the International Trade Bank. He is expert in arranging financing in many forms including credit facilities, private placements, public offerings, and project finance. Since leaving Bank of America, Scott assembled more than \$300 million in credit facilities through banks and raised more than \$350 million in private placement investments from venture and private equity firm. From 2009 to 2013, he was CFO of Alsbridge, Inc., a provider of IT sourcing advisory and benchmarking services to C-level executives. From 2007 to 2009, Mr. Arey was CFO of Journey Education Marketing.

**Will Dawson**  
COO

Mr. Dawson is the Chief Operating Officer with over 20 years of experience in the technology industry. Prior to MoneyOnMobile, Mr. Dawson was the COO at a MasterCard and Smart Communication joint venture, which created

mobile money ecosystems in Asia, the Middle East, Africa, and Latin America. There he rolled out mobile money solutions in Turkey and Egypt. He earned a BS in Mechanical Engineering and a BS in Economics from the University of Pennsylvania, and an MBA from London Business School.

### **Ranjeet Oak**

Head of India Operations

Ranjeet Oak is a co-founder of MoneyOnMobile in India and now Head of India operations. He is an accomplished mobile payments executive with over 20 years of industry experience, having lead various divisions of IT education, ITES and BPO organizations.

### **Gerald Ratigan**

SVP Finance, Chief Accounting Officer

Mr. Ratigan is the SVP Finance, Chief Accounting Officer. He has over 15 years of experience in public accounting with Grant Thornton and KPMG, and in private industry. He is a CPA in the state of Texas, and is certified in management accounting, strategy, and competitive analysis through the Institute of Management Accountants. Prior to MoneyOnMobile, Mr. Ratigan held various management roles in multiple global organizations. He earned a BBA with Honors in Accounting and Finance from the University of Miami, Florida.

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## **BOARD OF DIRECTORS**

### **Harold H. Montgomery**

Chairman and Secretary

### **James M. McKelvey**

Mr. McKelvey was appointed to the board in May 2016. Since July 2009, has had been on the board of directors of **Square, Inc., which he co-founded**. Since 2013, he has been a Managing Director of SixThirty FinTech Accelerator, LLC, a financial technology accelerator. He has also been a general partner of Cultivation Capital, a venture capital firm since 2012 and currently serves on the boards of directors of a number of privately held companies. Jim earned a BS in Computer Science and a BA in Economics from Washington University in St. Louis.

### **Karl Power**

Karl Power was a past director of Excel Corp. (OTCQB: EXCC) is currently Chairman and CEO of Active In Home Therapy, a health care services provider. Between 2001 and 2010, Mr. Power served in various management consultant roles to companies in multiple industries, including in the technology hardware industry, airline industry, and online education. He earned a Masters of Business from University College Dublin, and a Management Accountant qualification from the Institute of Management Accountants in London.

### **David B. Utterback**

Mr. Utterback was also appointed to the board in May 2016. Since 1998, he has served as a Staff Anesthesiologist at Ocean Springs Hospital and at Singing River Hospital in Mississippi. He also serves on the boards of the American Board of Anesthesiology and the National Board of Medical Examiners. Dr. Utterback holds a BA from Dartmouth College, an M.D. from University of Illinois College of Medicine, and an MS in Administrative Medicine from University of Wisconsin.

### **Max Shcherbakov**

Max also joined the board in February 2018. Since 2008, Mr. Shcherbakov has been a managing partner at Aurora Capital Worldwide, a private investment company. From 1999 to 2007, he was managing partner at TPG Aurora. Max earned a MA degree in Economics from Moscow State University in 1987 and MBA degree from Stanford Graduate School of Business in 1992.

## Oleg Gordienko

Mr. Gordienko joined the board in February 2018 and has served as Investment Director at S7 Airlines since September 2017. He has been working in investment banking at Raiffeisen Bank since 2003. Mr. Gordienko holds a degree from the Financial Academy under the Government of the Russian Federation.

## Narayan (AG) Gangadhar

Mr. Gangadhar is the newest board member and was added this April. He has nearly two decades of experience in leadership roles managing engineering and infrastructure at major technology companies such as Amazon, Google, and Microsoft. Until recently, he was CTO for General Motors' Cruise Automation, helping to engineer self-driving cars at production scale. From August 2015 till recently, Mr. Gangadhar served as Head of Core Engineering at Uber. In addition, from March 2010 to August 2015, he served as Senior Engineer Director at Google. Mr. Gangadhar earned his BS in Computer Science from the University of Bombay in 1999 and a MA in Computer Sciences from Worcester Polytechnic Institute in 2001.

## VALUATION

When comparing MOMT to industry peers of public payment processors we see the average company trades a 4.1 times enterprise value to calendar year 2018 estimated sales. For calendar year 2018 we are estimating sales of \$12.4 million, rising to \$37 million in 2019. If we were to use this ratio and apply it to our estimate for MOMT, we get a current enterprise value of \$37 or a market value of \$9.50 per share, which could increase, to \$34.40 by 2019.

<u>Company</u>	<u>Ticker</u>	<u>Cal Rev</u> <u>EBITDA</u>	<u>2018E</u>	<u>Revenue</u> <u>LTM</u>	<u>EV/</u> <u>2018 Rev</u>	<u>EV/</u> <u>LTM Rev</u>	<u>EV/</u> <u>EBITDA</u>	<u>Included</u> <u>in Average?</u>	<u>Enterprise</u> <u>Value</u>
Earthport	EPO.L	(9)	NA	30	NA	0.5	-1.8	n	16
EBIX	EBIX	124	454	364	6.0	7.5	21.9	y	2,720
EVERTEC	EVTC	139	419	407	4.4	4.5	13.3	y	1,850
First Data	FDC	2,930	7,980	8,330	4.6	4.4	12.5	y	36,540
Global Payments	GPX	1,100	3,960	3,980	5.4	5.4	19.5	y	21,460
JetPay	JTPY	4	78	76	0.6	0.6	10.0	y	44
Net Element	NETE	(8)	65	60	0.5	0.5	-3.9	y	30
PayPal	PYPL	2,640	15,380	13,800	5.5	6.1	32.0	y	84,520
QIWI	QIWI	151	258	674	1.5	0.6	2.6	y	387
Total System Services	TSS	982	3,750	4,930	5.1	3.8	19.3	y	18,940
Worldpay	WP	918	3,880	3,950	7.8	7.7	33.0	y	30,290
<b>Average</b>			3,622	3,657	4.1	4.1	16.0		19,678

MoneyOnMobile is in the midst of a rights offering for its shareholders of record as of May 9, 2018. Through this offering the company hopes to raise between \$4 and \$10 million would add 666,667 to 1.7 million shares to the outstanding.

While conventional valuation methods could be used when looking at MOMT, the company has a different exit strategy for shareholders. Rather than building a business based on sales and profitability, it is business a business that would be an attractive acquisition candidate for a large company looking to quickly scale in India. It is also an ideal tuck in for companies that have a platform to serve the banked and smartphone customers of India, but have no plan to reach the un and underbanked and those using cash. These large companies such as Google and PayPal would be interested in MOMT as a strategic acquisition saving time to market and legwork. In this circumstance the company believes it should be valued as a multiple of



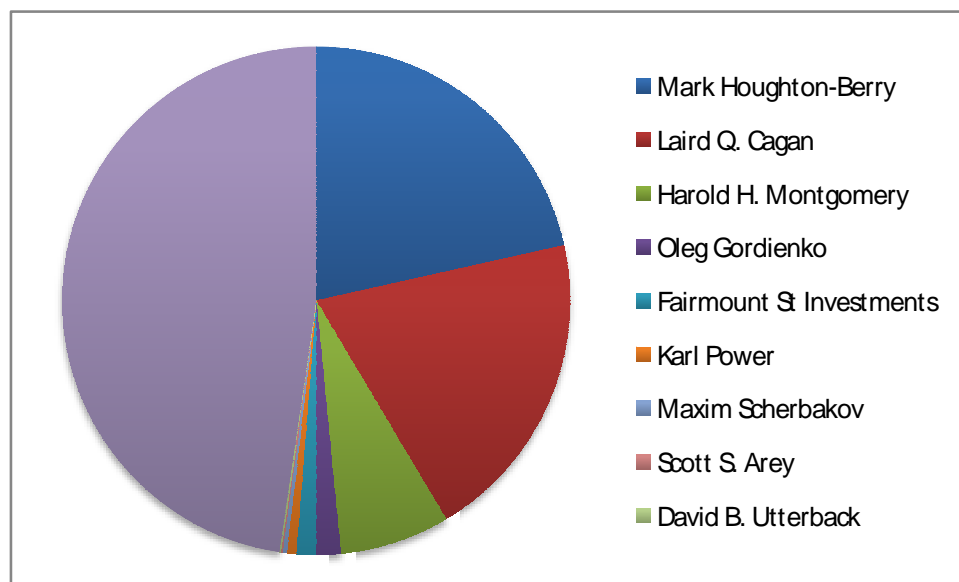
number of customers. MOMT has 220 million customers. The acquirer would consider the cost of buying MOMT versus its customer acquisition cost and add to that a premium for the network, and the speed to gaining market share.

In addition to payment system companies, MOMT might be even more attractive to a company like Amazon or Walmart that wishes to sell to the large population of India that uses only cash. They have no way to sell goods to these people without digital money or a physical presence. So for these companies, there is even more potential revenue to be earned from MOMT's customer base beyond money transfer and payments. Walmart recently invested in India's Flipkart at a \$20 billion valuation, or 7 times the company's \$3 billion in sales. Given this exit strategy, conventional valuation should be considered a floor for the possible price a strategic acquirer might pay.

## RISKS

- MOMT is a small company with many larger competitors with greater resources.
- Banking, payment and cash regulations have changed rapidly in India and other future changes could impact MOMT's business model and expenses for complying with changes.
- The company is not cash flow break even and many need to raise more cash in the future besides this current raise to see it through to profitability.
- Its new products may not be accepted by its customers.
- Rapid adoption of digital payments and the increase in Indians with bank accounts could decrease the need for cash to digital services.
- Other competitors could offer retailers better terms and service, even operating at losses, to garner marketshare making it difficult and expensive for MOMT to compete.

## OWNERSHIP



## FINANCIALS

The past two years have had events that have created challenges for MOMT outside of the normal course of business and explain the less than linear growth of the company. The first was caused by the government of India and explains the sequential revenue decline from Q3 to Q4 of FY2017. India decided that in order to clean up corruption it would replace all the 500 and 1000 rupee notes with new notes. Cash holders could swap out bills at banks, but had to prove their source. This caused disruption to MOMT's cash based business and retailers were hesitant to take cash from customers for fear of the authorities questioning the cash. With time this was all sorted out and business returned to normal.

A second event was more recent and this soon to be reported Q4 was affected. When the company started to roll out its MOMATM capabilities it started in Assam where the majority of its machines still reside. MOMATMs allow customers to get cash from their bank accounts much like cash back at the supermarket, but the number of transactions are limited by the bank. One clever retailer noticed that due to a flaw in the bank's system, when done on an iPhone, many more transactions could be done than was typically allowed. This retailer then went out and bought a number of iPhones leading to suspicion by the authorities and he was arrested. When they found out why he was buying the phones he was released as it turned out was no problem with the purchase or the use of the phones. However, fear spread in Assam that if you used MOMT, you may be doing something wrong and sales dropped 90%. Business is coming back there, and MOMATMs are rolling out to new locations throughout India.

Even with the affected Q4, we expect the company to report revenues of \$7.5 million versus \$4.3 million a year ago, up 77%, in the fiscal year of 2018 ending March 31. The company is proceeding with its rollout of MOMATMs and its goal is to be EBITDA positive by FY Q4 2019. Once it reaches that point it plans to pay off its debt reducing its cash burn to virtually zero.

# PROJECTED INCOME STATEMENT

	Q1 2017 30-Jun	Q2 2017 30-Sep	Q3 2017 31-Dec	Q4 2017 31-Mar	Q1 2018 30-Jun	Q2 2018 30-Sep	Q3 2018 31-Dec	Q4 2018E 31-Mar	Q1 2019E 30-Jun	Q2 2019E 30-Sep	Q3 2019E 31-Dec	Q4 2019E 31-Mar	2017	2018E	2019E	2020E
<b>Total revenues</b>	<b>\$1.4</b>	<b>\$1.1</b>	<b>\$1.0</b>	<b>\$0.8</b>	<b>\$1.2</b>	<b>\$2.0</b>	<b>\$2.8</b>	<b>\$1.5</b>	<b>\$2.6</b>	<b>\$3.3</b>	<b>\$5.0</b>	<b>\$8.0</b>	<b>\$4.3</b>	<b>\$7.5</b>	<b>\$18.9</b>	<b>\$33.08</b>
Yr-to-yr Growth					-14.1%	84.4%	193.0%	87.3%	114.7%	65.7%	76.0%	433.3%		77.1%	150.5%	75.0%
<b>Costs and expenses:</b>																
Cost of revenues	0.7	0.5	0.4	0.3	0.5	0.9	1.3	0.7	1.2	1.6	2.4	3.8	1.9	3.5	9.0	15.9
Gross Margin	0.7	0.6	0.6	0.5	0.7	1.0	1.5	0.8	1.4	1.8	2.6	4.2	2.4	4.1	9.9	17.2
% of Sales	52.9%	54.2%	59.4%	59.5%	57.6%	52.7%	53.5%	53.3%	53.1%	53.0%	52.8%	52.0%	55.9%	53.9%	52.5%	52.0%
Salaries and wages	0.8	0.8	0.8	1.1	0.9	1.0	1.3	1.3	1.3	1.3	1.3	1.3	3.5	4.5	5.2	5.7
SG&A	1.9	1.7	2.1	2.4	3.1	1.7	2.9	2.9	2.9	2.9	3.0	3.0	8.0	10.5	11.7	12.6
Depreciation and amortization	0.2	0.2	0.2	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.8	0.6	0.6	0.5
Goodwill impairment	0.0	0.0	0.0	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	0.0	0.0	0.0
Total operating expenses	2.8	2.7	3.2	3.6	4.2	2.9	4.3	4.3	4.3	4.3	4.4	4.4	13.9	15.7	17.5	18.9
<b>Loss from operations</b>	<b>(2.1)</b>	<b>(2.1)</b>	<b>(2.6)</b>	<b>(3.2)</b>	<b>(3.5)</b>	<b>(1.8)</b>	<b>(2.8)</b>	<b>(3.5)</b>	<b>(3.0)</b>	<b>(2.6)</b>	<b>(1.8)</b>	<b>(0.2)</b>	<b>(11.5)</b>	<b>(11.6)</b>	<b>(7.5)</b>	<b>(1.7)</b>
Interest expense	(0.4)	(0.5)	(0.4)	(0.4)	(0.6)	(0.7)	(2.3)	(0.4)	(0.4)	(0.3)	(0.1)	0.0	(1.7)	(4.0)	(0.8)	0.0
Change in fair value of derivative	0.0	0.0	0.0	0.0	0.0	0.1	(0.6)	0.0	0.0	0.0	0.0	0.0	0.0	(0.5)	0.0	0.0
Gain on extinguishment of derivative	0.0	0.0	0.0	0.0	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0	0.0	1.2	0.0	0.0
Accretion of fair value discount	0.0	(0.0)	0.0	0.0	0.0	(0.0)	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)	0.0	0.0
Other income	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0
Total non-operating expenses	(0.4)	(0.6)	(0.4)	(0.4)	(0.6)	(0.7)	(1.7)	(0.4)	(0.4)	(0.3)	(0.1)	0.0	(1.7)	(3.4)	(0.8)	0.0
Pretax operating income (loss)	(2.4)	(2.6)	(2.9)	(3.6)	(4.0)	(2.5)	(4.5)	(3.9)	(3.4)	(2.9)	(1.9)	(0.2)	(13.2)	(15.6)	(8.3)	(1.7)
Income tax provision	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0
Tax rate	0%	0%	0%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Net Loss</b>	<b>(2.4)</b>	<b>(2.6)</b>	<b>(2.9)</b>	<b>(3.5)</b>	<b>(4.0)</b>	<b>(2.5)</b>	<b>(4.5)</b>	<b>(3.9)</b>	<b>(3.4)</b>	<b>(2.9)</b>	<b>(1.9)</b>	<b>(0.2)</b>	<b>(13.1)</b>	<b>(15.6)</b>	<b>(8.3)</b>	<b>(1.7)</b>
Preferred stock dividends	0.0	0.0	(0.2)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0	0.0	(0.3)	(0.2)	(0.1)	(0.1)
Net loss to common shareholders	(2.4)	(2.6)	(3.2)	(3.6)	(4.1)	(2.6)	(4.5)	(4.0)	(3.4)	(2.9)	(1.9)	(0.2)	(13.4)	(15.7)	(8.4)	(1.7)
Net loss attributable to noncontrolling	(0.7)	(0.8)	(0.9)	(1.0)	(0.8)	(0.1)	(0.6)	(0.6)	(0.6)	(0.6)	0.0	0.0	(3.4)	(2.1)	(1.2)	(3.0)
Net loss to MOM shareholders	(1.7)	(1.8)	(2.3)	(2.6)	(3.3)	(2.4)	(3.9)	(3.4)	(2.8)	(2.3)	(1.9)	(0.2)	(10.0)	(13.7)	(7.2)	1.3
Foreign currency translation gain (loss)	(0.4)	0.3	(0.3)	0.8	0.0	0.3	(0.2)	0.0	0.0	0.0	0.0	0.0	0.4	0.1	0.0	0.0
Comprehensive loss	(2.9)	(2.3)	(3.5)	(2.8)	(4.1)	(2.2)	(4.8)	(3.4)	(3.4)	(2.9)	(1.9)	(0.2)	(13.0)	(15.6)	(8.4)	(1.7)
Non controlling interest	(0.8)	(0.7)	(0.9)	(1.0)	(0.7)	(0.5)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(3.5)	(2.6)	(2.6)	0.0
Loss to MOM shareholders	(2.0)	(1.6)	(2.5)	(1.8)	(3.3)	(1.7)	(4.1)	(2.7)	(2.8)	(2.3)	(1.2)	0.4	(9.5)	(13.0)	(5.8)	(1.7)
<b>GAAP EPS</b>	<b>(\$0.80)</b>	<b>(\$0.61)</b>	<b>(\$0.88)</b>	<b>(\$0.62)</b>	<b>(\$1.01)</b>	<b>(\$0.47)</b>	<b>(\$1.12)</b>	<b>(\$0.71)</b>	<b>(\$0.69)</b>	<b>(\$0.52)</b>	<b>(\$0.23)</b>	<b>\$0.08</b>	<b>(\$3.41)</b>	<b>(\$3.62)</b>	<b>(\$1.24)</b>	<b>(\$0.34)</b>
Yr-to-yr Growth					26%	-23%	28%	14%	-32.0%	10.3%	-79.4%	-111.5%		6.1%	-65.9%	-72.3%
Share outstanding	2.5	2.6	2.9	2.9	3.3	3.6	3.7	3.9	4.0	4.4	5.2	5.2	2.8	3.6	4.7	5.1
Yr-to-yr Growth					29%	39%	28%	35%	22.1%	23.4%	41.5%	34.4%		29.1%	30.7%	8.5%

## BALANCE SHEET

	Dec. 31, 2017	Mar. 31, 2017	% Change
<b>Current Assets</b>			
Cash and equivalents	\$ 4,673,805	\$ 2,164,993	116%
Due from distributors	1,362,754	327,535	316%
Advances to aggregators	210,146	396,399	-47%
Other current assets	932,862	925,968	1%
Total current assets	7,179,567	3,814,895	88%
Property and equipment, net	3,442,255	3,483,520	-1%
Goodwill	12,712,484	12,508,791	2%
Other intangible assets, net	3,968,838	4,286,938	-7%
Other non-current assets	371,528	366,979	1%
<b>Total assets</b>	<b>27,674,672</b>	<b>24,461,123</b>	<b>13%</b>
<b>Current Liabilities</b>			
Accounts payable	3,616,125	1,769,667	104%
Accrued liabilities	6,790,390	2,589,070	162%
Related party payables	2,554,684	2,037,797	25%
Current portion of long-term debt, net	<b>10,505,526</b>	<b>9,508,025</b>	10%
Derivative liability	368,390	0	NM
Advances from distributors	0	2,108,645	-100%
Preferred stock dividends	<b>331,250</b>	<b>186,438</b>	78%
Mandatory redeemable financial instruments - current portion	<b>3,034,615</b>	<b>3,010,254</b>	1%
Total current liabilities	27,200,980	21,209,896	28%
Long-term debt	<b>1,957,417</b>	<b>1,970,965</b>	-1%
Mandatory redeemable financial instruments - long-term	<b>761,237</b>	<b>1,443,059</b>	-47%
Other non-current liabilities	104,536	106,046	-1%
<b>Total liabilities</b>	<b>30,024,170</b>	<b>24,729,966</b>	<b>21%</b>
<b>Shareholders' (Deficit)</b>			
Preferred stock Series E	3	3	0%
Common stock, 75,820,525 shares issued and outstanding as of December 31	75,820	64,070	18%
Stock subscribed	1,461	157	831%
Additional paid-in capital	53,983,555	49,550,769	9%
Accumulated deficit	(59,141,714)	(50,102,952)	18%
Cumulative other comprehensive loss	(1,023,454)	(1,080,141)	-5%
Total MoneyOnMobile, Inc. shareholders' (deficit)	(6,104,329)	(1,568,094)	289%
Noncontrolling interest	(3,172,269)	74,251	-4372%
Total shareholders' (deficit)	(9,276,598)	(1,493,843)	521%
Total liabilities and shareholders' (deficit)	27,674,672	24,461,123	13%
Series D preferred stock			
<b>Current Liabilities</b>			
Preferred stock dividends	331,250	186,438	78%
Preferred stock temporary equity	1,225,000	1,225,000	0%
<b>Current Liabilities</b>			
Preferred stock temporary equity	\$ 5,702,100	\$ 0	NM
Current ratio	0.3	0.2	47%
Working Capital	(20,021,413)	(17,395,001)	15%
Cash	\$ 4,673,805	\$ 2,164,993	116%
Debt	16,258,795	15,932,303	2%

## CASH FLOW

	YEAR March 31, 2017	3 Mo June 30, 2107	3 Mo Sept. 30, 2017	3 Mo Dec. 31, 2017
<b>OPERATING ACTIVITIES</b>				
Net loss	\$ (13,095,503)	\$ (4,031,618)	\$ (2,514,641)	\$ (4,484,345)
<b>Adjustments to net loss to cash used in operating activities</b>				
Subordinated note discount amortization	740,147	179,765	295,245	1,052,856
Loss on change in value of derivative liability	0	0	0	512,098
Accretion of fair value discount	0	0	0	99,136
Depreciation and amortization	766,578	153,338	191,387	140,042
Stock based compensation	209,734	456,344	66,018	95,731
Goodwill impairment	1,592,000	0	0	0
Equity awards issued for services	1,767,882	810,446	70,426	799,988
Gain on extinguishment of derivative liability	0	0	0	(1,197,856)
<b>Changes in operating assets and liabilities:</b>				
Due from distributors	264,310	(272,782)	347,600	(1,110,037)
Other assets	910,431	190,586	(202,134)	186,358
Related party payables	0	300,648	170,754	45,485
Accounts payable and accrued liabilities	(786,429)	1,308,375	3,472,128	1,670,695
Advances from distributors	(1,903,680)	425,414	(2,432,068)	(101,991)
Net cash (used in) operating activities	(9,534,530)	(479,484)	(535,285)	(2,291,840)
<b>INVESTING ACTIVITIES</b>				
Proceeds from investments	192,850	0	0	0
Purchases of property and equipment	(74,770)	(5,523)	(21,579)	(19,861)
Acquisition of intangible assets	(255,000)	0	0	0
Net cash (used in) investing activities	(136,920)	(5,523)	(21,579)	(19,861)
<b>FINANCING ACTIVITIES</b>				
Payments on notes payable and bank loan	(298,324)	(420,592)	(304,711)	(2,328,089)
Payment on put liability obligation	(1,000,000)	0	0	0
Repayment of related party notes payable	(144,583)	0	0	0
Borrowings on senior and subordinate notes	0	700,000	1,129,548	3,659,433
Issuance of common stock and warrants	3,697,166	858,000	50,000	0
Issuance of preferred stock for cash	4,072,000	0	0	3,372,500
Proceeds from debt	2,974,000	0	0	0
Payments to acquire noncontrolling interest	(1,107,985)	(520,048)	(115,033)	(240,714)
Proceeds from redemption of warrants for	1,757,384	0	7,883	83
Change in bank overdrafts	0	0	0	(154,333)
Contributions made by noncontrolling interest	0	0	0	0
Reacquisition of common stock	(177,369)	0	0	0
Net cash provided by financing activities	9,772,289	617,360	767,687	4,308,880
Foreign currency effect on cash flows	(55,640)	(40,488)	(98,076)	307,021
Net change in cash and cash equivalents	45,199	91,865	112,747	2,304,200
Cash and cash equivalents at beginning of period	2,119,794	2,164,993	2,256,858	2,369,605
Cash and cash equivalents at end of period	\$ 2,164,993	\$ 2,256,858	\$ 2,369,605	\$ 4,673,805
Cash flow	\$ (8,019,162)	\$ (2,431,725)	\$ (1,891,565)	\$ (2,982,350)
Free cash flow	\$ (8,156,082)	\$ (2,437,248)	\$ (1,913,144)	\$ (3,002,211)

# HISTORICAL STOCK PRICE



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