News

Mobikwik takes DAM Capital to the Delhi High Court for failing to pay ?40 crore in IPO expenses.

According to the company, DAM Capital is refusing to pay because of a disagreement worth ?1.5 crore.

In response to the digital payments company Mobikwik's arbitration petition against its Initial Public Offering (IPO) book-running lead manager (BRLM) DAM Capital Advisors for allegedly failing to deliver ?42 crore intended for IPO-related expenses, the Delhi High Court has sent notice. **[Dam Capital Advisors & Ors v. One Mobikwik]**

The lawsuit is scheduled for hearing on August 21 after Justice Amit Bansal issued notice in the matter on Thursday.

According to MobiKwik, a specific sum is set aside for IPO expenses, which are detailed in the prospectus, within the conventional IPO execution structure. The BRLMs must jointly direct the Public Issue Bank to release the IPO expenditures to Mobikwik after the regulator provides listing approvals. Following receipt of the funds, the issuer must pay the different service providers that were hired for the IPO, including registrars, printers, auditors, legal counsel, and advertising agencies. According to Mobikwik, DAM Capital denied the Public Issue Bank these orders, causing ?42 crore to remain in the public issue account.

> According to Mobikwik, DAM Capital is refusing to give the instructions because of a disagreement of ?1.5 crore. To assure the release of the cash from the public issue account so that the vendors whose payments are due can be paid, the business has argued that it has already spent ?13 crore from its own assets to meet IPO-related commitments. It has also requested urgent court orders.

According to DAM Capital, the disputed amount may be far greater than what Mobikwik has claimed.

Mobikwik submitted its draft red herring prospectus (DRHP) to the Securities and Exchange Board of India (SEBI) in December 2024 for an IPO that included an offer for sale (OFS) of up to 5.2 million equity shares by current shareholders, including founders and early investors, as well as a new issue of shares valued at ?700 crore. It was suggested that the money raised from the new issuance be utilized for general business reasons, data and technology investments, and financing the expansion of its BNPL company.

> Along with SBI Capital Markets and ICICI Securities, DAM Capital was one of the primary BRLMs hired, and its duties included marketing, investor roadshows, vendor coordination, and compliance monitoring.

Senior Advocate **Rajshekhar Rao** represented **Mobikwik**, and the Claritas Legal team included **Advocates Sumit Roy**, **Sidharth Mahajan, Utkarsh Mishra, and Zahid.**