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### Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	5,720.0
Fresh Issue (No. of Shares in Lakhs)	205.0
Offer for Sale (No. of Shares in Lakhs)	-
Bid/Issue opens on	11-Dec-24
Bid/Issue closes on	13-Dec-24
Face Value	Rs. 2
Price Band	265-279
Minimum Lot	53

### Objects of the Issue:

#### ➤ Fresh Issue: ₹5,720 million

- Funding organic growth of their financial services business.
- Funding organic growth of their payment services business.
- R&D in data, ML and AI, product and technology.
- Capital expenditure for their payment devices business.
- General Corporate purposes.

Book Running Lead Managers	
SBI Capital Markets Limited	
DAM Capital Advisors Limited	
Registrar to the Offer	
Link Intime India Private Limited	

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	160.0
Subscribed paid up capital (Pre-Offer)	114.4
Paid up capital (post-Offer)	155.4

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	34.2%	25.2%
Public – Selling Shareholders	65.8%	74.8%
Total	100.0%	100.0%

### Financials

Particulars (₹ In million)	3M FY 25	FY24	FY23	FY22
Revenue from operations	3,422.7	8,750.0	5,394.7	5,265.7
Total Expenses	3,436.0	8,531.0	6,170.4	6,586.3
EBITDA	22.3	372.2	(559.2)	(1,154.1)
Interest	65.8	188.3	204.2	109.1
Depreciation	20.0	43.2	42.8	21.0
PBT	(63.5)	140.8	(806.3)	(1,284.2)
Tax	2.7	0.0	31.9	(2.6)
PAT	(66.2)	140.8	(838.1)	(1,281.6)
EPS	(0.85)	1.8	(10.8)	(16.5)
Ratios	3M FY 25	FY24	FY23	FY22
EBITDAM	0.7%	4.3%	-10.4%	-21.9%
PATM	-1.9%	1.6%	-15.5%	-24.3%
Sales growth		62.2%	2.5%	

### Company description

One Mobikwik Systems Limited was founded by Bipin Preet Singh and Upasana Taku, who have prior experience in building scalable technology and financial products at their previous organisations. The company's aim is to leverage technology as the primary factor to facilitate financial inclusion for the underserved population in India. They are a platform business at its core, that has a two-sided payments network, consisting of consumers and merchants. The company has acquired 161.03 million Registered Users and enabled 4.26 million Merchants to make and accept payments online and offline, as of June 30, 2024. The usefulness of their platform for new and existing consumers increases, as they add newer products to their digital credit, investments, and insurance verticals. As they continue to expand the portfolio of products under these verticals, they believe they can transform the platform into an increasingly compelling offering for their consumers while simultaneously enhancing its profitability and value. As a result, they have achieved Profit /(loss) for the year ended March 31, 2024, amounting to ₹ 140.79 million.

The company's commitment to growth through frugal, digital-first innovations is demonstrated through their bouquet of products at scale and maintaining one of the lowest employee costs to revenue among digital financial product and services platforms in Fiscal 2023 (Source: RedSeer Report). Their Payment GMV has grown at an annual rate of 45.88% and MobiKwik ZIP GMV (Disbursements) has grown at an annual rate of 112.16% from Fiscal 2022 to Fiscal 2024. They have won various awards over the years, including the 'Economic Times Most Promising Brands Award' and 'Innovative DevOps Excellence in Pioneering Infrastructure Optimization for Payments' award at the India DevOps Show – 2023 and ET Iconic Brands of India Awards, as an 'Icon of Indigenous Excellence' in 2018.

The large number of payment transactions and extensive use of the MobiKwik Application has contributed extensively to their understanding of consumer behaviour and needs, allowing them to build predictive machine learning models that have further helped in creating a relevant credit profile for consumers. Typically, the consumers they serve, do not have a strong credit history and hence are under-served by traditional financial institutions like banks and non-banking financial companies. Using in-house models and partnering with their Lending Partners, they have created innovative products like MobiKwik ZIP, and ZIP EMI for consumers and Merchant Cash Advance for their merchants.

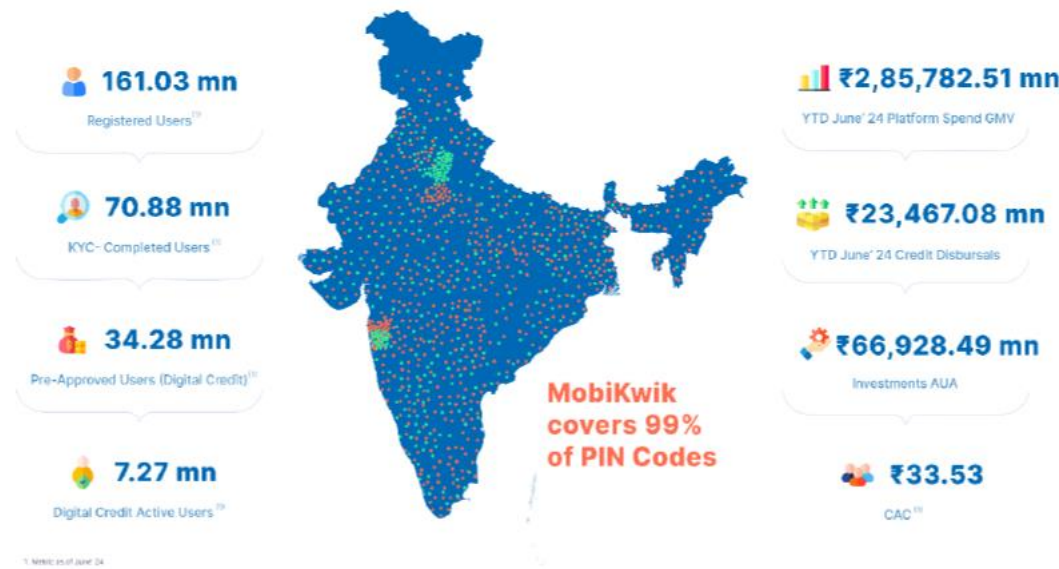
### Valuation & outlook

Mobikwik Systems Limited consistently invests in developing innovative products that deliver value to its expanding network of consumers and merchants. Each product and service on the platform offers distinct strengths and a unique value proposition. However, the true advantage lies in the seamless journey the platform provides, creating a positive, sustainable experience for consumers while driving profitable opportunities for the company.

To achieve sustained growth and market leadership, the company strategically focuses on expanding and optimizing its existing business segments. It aims to tap into larger revenue streams by improving the efficiency of its consumer acquisition efforts.

At the upper band company is valuing at 155x its FY24. Following the issuance of equity shares, the company's market capitalization stands at ₹21,674.5 million, with a market cap-to-sales ratio of 2.4 based on its FY24 earnings. The company is preparing to introduce additional services, such as investments and insurance, to establish itself as a comprehensive digital platform for financial services, which is expected to boost its future revenue and profits. However, it reported losses for Q1 FY25 due to pre-funding cost adjustment provisions. We believe that the issue is richly priced and recommend "Subscribe – Long Term" rating to the IPO.

**Key Statistics at a Glance**



The Company capitalizes on various network effects, as outlined below:

**Payments:** The increase in the number of consumers leads to greater acceptance among merchants, and vice versa.

**Consumer Credit:** The growth in payments data facilitates broader consumer underwriting. The availability of credit products to consumers leads to heightened spending within the network.

**Investments:** Utilizing personal financial management tools like Lens allows for a detailed comprehension of consumers' financial data, resulting in personalized recommendations of investment products.



For its consumer base, the Company's application, the Mobikwik Application, provides access to various payment use cases as well as financial products in the Digital Credit, investments and insurance verticals. Following are the payments services products for their consumers (via UPI, Mobikwik Wallet, Pocket UPI, cards and pay-later):

- Recharge and Bill payments: Consumers can search for the relevant utility services and pay their bills, such as mobile recharges, electricity bills, Fastags, credit card bills, etc.
- Payments at online e-commerce merchants.
- Payments at offline Merchants like organized retail and fuel pumps; and
- Transfer money to any other phone number, contact, UPI ID or bank account. Consumers can also check their bank balance, scan QRs to pay others or pay via bank or Rupay credit through UPI.
- Pocket UPI: Make UPI payments through Mobikwik Wallet without linking bank account.

Following are their Digital Credit products for their consumers:

- MobiKwik ZIP: Pay-later product with a 30-day interest free credit line.
- ZIP EMI: Personal loan that is required to be repaid in instalments; and
- Credit Cards: Co-Branded credit card backed by fixed deposit.

Following are their investments products for their consumers:

- Lens: Personal financial management product using banking data, lens.ai- AI powered chatbot that allows users to have a conversation to provide insights on their bank accounts and other financial data.
- Xtra: A peer-to-peer lending product offered by their NBFC - P2P partner.
- Fixed deposits with RBI-registered NBFCs and banks.
- Distribution of Mutual funds and Digital Gold

The chart below provides an overview of revenue and cost drivers for each of their businesses:

	Payment Services	Financial Services
Products/Solutions	Merchant payment ecosystem	MobiKwik ZIP (30 days product)
	Recharge and bill payments	MobiKwik ZIP EMI (3
	Credit card bill payments	Merchant Cash Advances ( 3- 24 month Product)
	UPI Ecosystem	
Revenue Model	Merchant fees	Merchant fees
	Convenience fees (User)	One-time activation fees
		Late payment fees and penal charges
		Sourcing and collection fees
Revenue Drivers	Registered and new users	Activated users
	Payment GMV	Percentage of repeat users
	Payment mix (credit card, UPI, debit card, wallet etc.)	Digital Credit GMV
		Average ticket size

### Platform Evolution

The large number of payment transactions and extensive use of the MobiKwik Application has contributed extensively to their understanding of consumer behavior and needs, allowing them to build predictive machine learning models that have further helped in creating a relevant credit profile for consumers. Typically, the consumers they serve do not have a strong credit history and hence are under-served by traditional financial institutions like banks and non-banking financial companies.

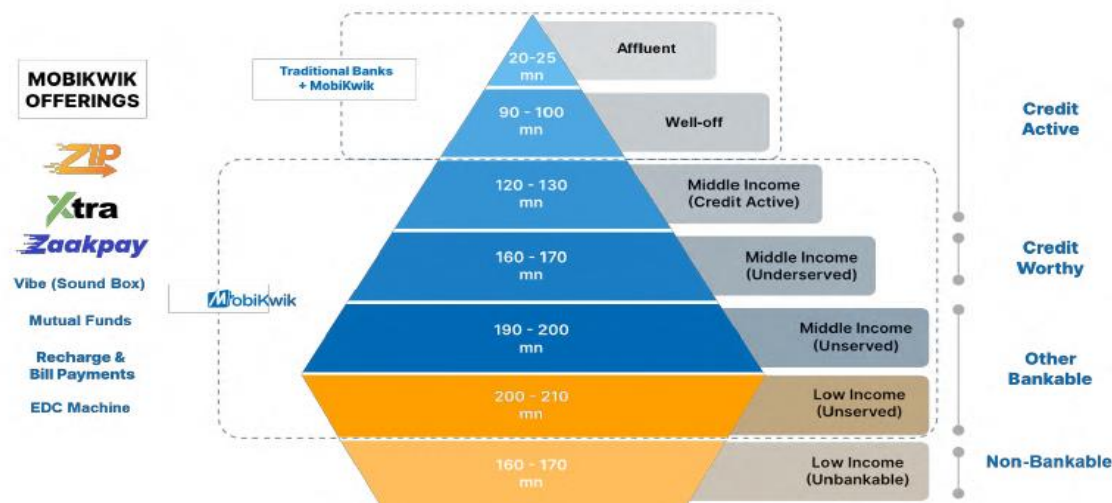
Using in-house models and partnering with their Lending Partners, they have created innovative products like MobiKwik ZIP, ZIP EMI for consumers and Merchant Cash Advance for their merchants. These products leverage the power of digital public infrastructure (DPI) including Aadhaar, E-Nach, DigiLocker, NSDL, etc. to create consumer journeys that are digital first. This allows them to serve consumers in approximately 99% of pin-codes as of December 2023, as per the RedSeer Report, in India and accordingly support their mission of financial inclusion. While the consumers look to fulfil their credit requirements, there are consumers that aim to generate adequate returns from investment products. With increased general awareness amongst masses of Indian consumers, for example, the number of demat accounts has grown over five times with 21 million demat accounts in Fiscal 2013 to 114 million demat accounts in Fiscal 2023, accounting for a CAGR of 18% (Source: RedSeer Report). They believe that there is a need for simplified products, which provide adequate returns and are also relatively less volatile. To meet this requirement, they have launched multiple investment products like distribution of mutual funds, digital gold, fixed deposits on their platform and “Lens” for personal financial management. As described above, their Company has evolved from a payment only business to a multi-product business through financial services. At its core they have created a unified platform, where the financial data of consumers that they have access to is consolidated and analyzed by integrating deep analytics and machine learning capabilities. This allows them to offer personalized financial solutions based on consumer’s financial behavior, capabilities, needs, and aspirations.

### Market Opportunity

The financial services space in India is highly underpenetrated (across segments including lending, insurance, and mutual funds), which represents a big opportunity for a technology-first company like theirs to capture a large market share. Moreover, their thorough examination of the market and customer insights reveals that consumers across the middle and low-income segments encounter numerous challenges while accessing financial services. Utilizing this valuable data, they have strategically identified product opportunities that grant them entry into sizable untapped markets. The company addresses the bankable middle-India population, as represented below. As per the RedSeer Report, presently, traditional market players usually serve the 20 - 25 million affluent and 90 - 100 million well-off individuals in the country. However, there exists a substantial untapped market of more than 500 million individuals in “middle India population”, who are not actively addressed by the traditional market players. Among these, 120-130 million individuals are credit active, presenting a considerable opportunity. Additionally, there are more than 400 million consumers who are not currently engaged in credit activities but require access to financial products. Leveraging payments data and facilitating smaller loans enables them to establish credit histories for these individuals, thereby contributing to increased financial inclusion.



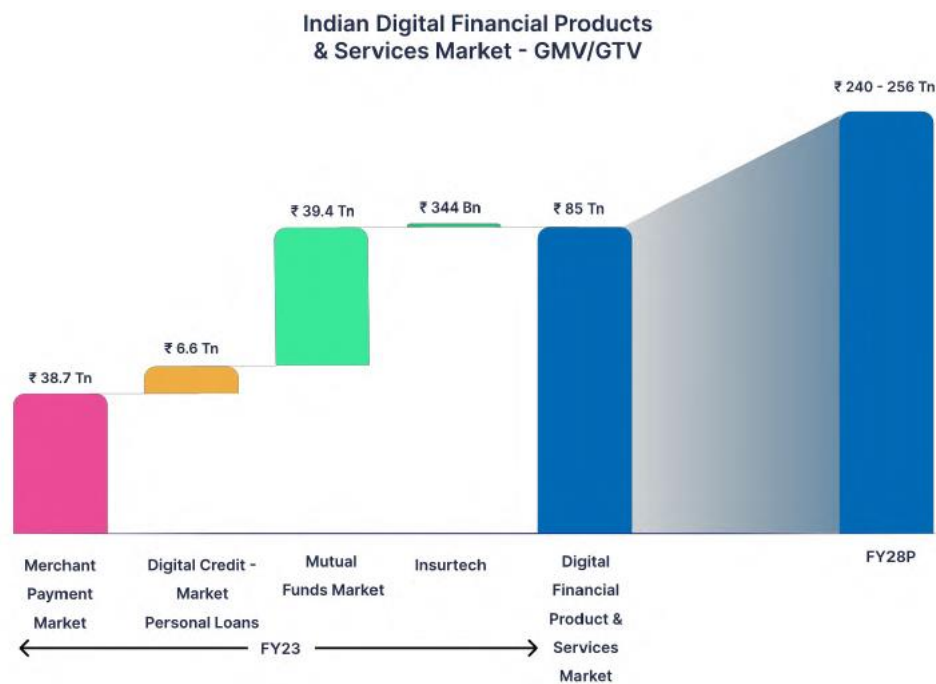
**India's adult population split by credit worthiness**



As per the RedSeer Report, the adult population in India can be segmented into four distinct categories:

- The first category comprises of credit-active consumers consisting of affluent, well-off consumers (including High Net Worth Individuals (“HNIs”) and Ultra High Net Worth Individuals (“UHNIs”)) and the upper-middle-income sections of society, a segment traditionally served by established players, that are now addressed by both traditional financial players and new-age players, including their Company.
- The second and third categories of credit-worthy and other bankable populations consist of three subsegments. The first and second sub-segment of middle-income consumers comprises of 120-130 million credit-active consumers and 160-170 million underserved consumers. The third sub-category of middle-income consumers consists of 190-200 million unserved consumers. These sections of the population typically have higher-volume and lower-value ticket sizes of transactions. These characteristics make them highly servable by a technology-first service provider like them.

The fourth category consists of an additional 200 million consumers holding the potential to become relevant and bankable consumers. This multifaceted approach positions them as a comprehensive financial services provider, offering tailored solutions to diverse segments of the Indian adult population.



As per RedSeer Report, in Fiscal 2023, they had an addressable market of approximately USD 5.3 billion (₹ 424 billion), projected to grow to approximately USD 16-18 billion (₹ 1.3 trillion - 1.4 trillion) by Fiscal 2028. Their current verticals of offerings focus on: (a) payment solutions via UPI & wallets, bills & recharge payments; (b) credit products via buy-now-pay-later, personal & merchant loans; and (c) wealth products via investment-oriented products like mutual fund investments, Digital Gold, EPF and wealth management tools. Growth in these verticals is driven by rising internet penetration, higher disposable incomes, increasing digital penetration, and awareness.

**Business Strategy and Competitive Strength**

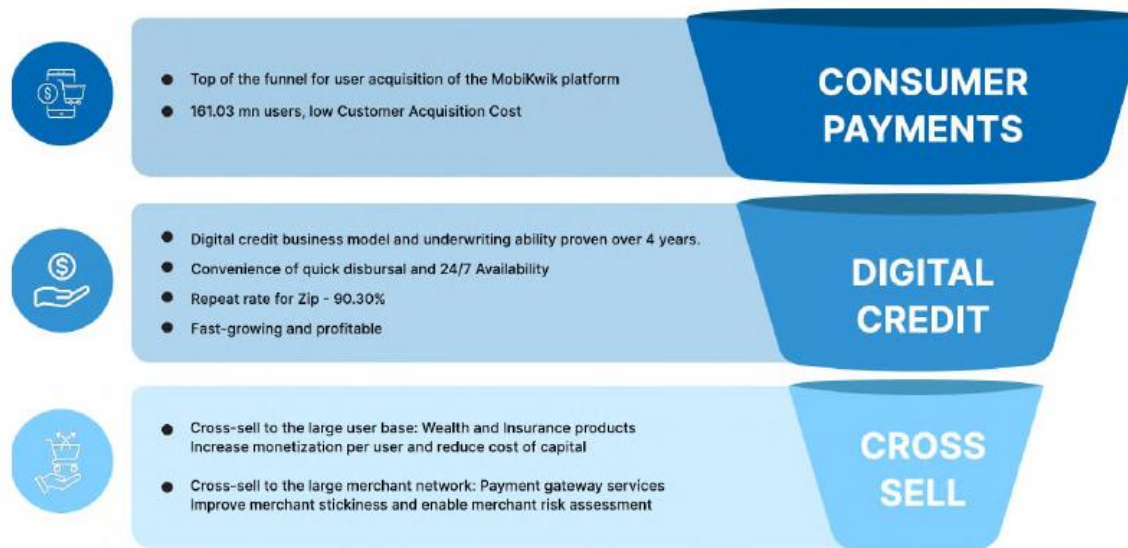
The company’s value proposition is making financial products available with exceptional consumer satisfaction and experience to the underserved population. The cornerstone of their approach lies in recognizing specific challenges and inefficiencies that consumers encounter, subsequently crafting targeted solutions for these issues:

Problems Customer Face	Mobikwik's Value Propositions
Poor experience	Customer-first philosophy
Narrow reach due to offline processes	Pan India presence due to digital first offering

High fragmentation of Financial product offerings	One Stop Shop for Financial Services
Time taking and Tedious process with offline paperwork	Instantaneous paperless process
Complex legacy financial products	Targeted products, Customized periodically

Due to the nature and scale at which the company’s platform operates, they have discovered various flywheels within the network that they have built. These reinforce themselves, leading to a high pace of near seamless execution. As a two-sided network, as they acquire more consumers, their merchants benefit through higher consumer spending. Similarly, as they add more merchants, there is an organic increase in the use cases for existing consumers to transact with these merchants. Due to the prominent visibility of MobiKwik at merchant point-of-sale, new consumers are encouraged to join the network thereby further reducing CAC. The conjunction of digital credit with payments accelerates the flywheel, by increasing the frequency and value of spending. When credit is offered to existing payment consumers, the value proposition for such consumers becomes stronger resulting in higher engagement and retention. As these cohorts scale, the repeat transactions and lifetime value of consumers goes up which in turn leads to higher profitability.

The company’s cross-sell funnel is depicted below:



**Businesses-**

The company’s operations are divided into two distinct businesses: (i) Payments; and (ii) Financial Services.

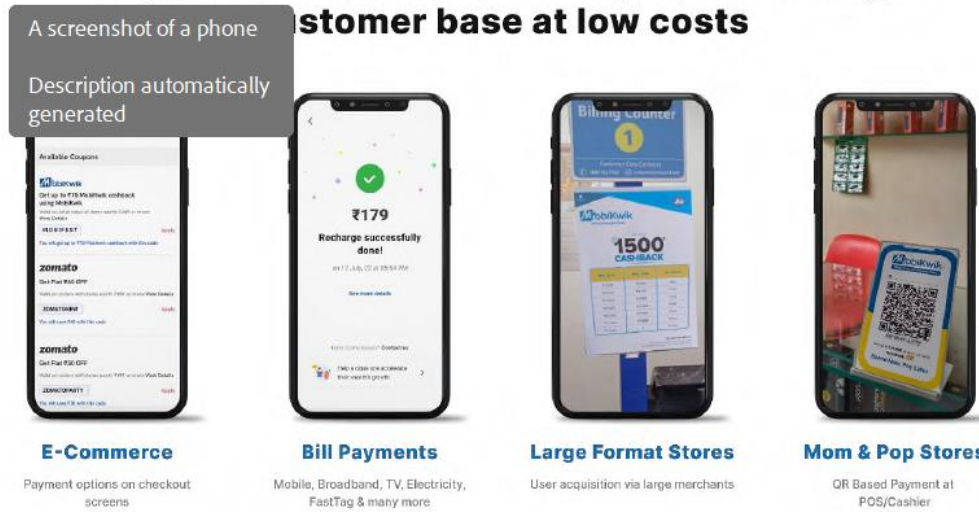
**Payments Business** – The company’s payments business strategy is to acquire a large set of consumers and create a large merchant acceptance network for them so that they can pay conveniently via the MobiKwik Application. Being a two-sided network, their Company empowers consumers and Merchants across the country for daily life payments.

**Consumer Side**

The MobiKwik Application provides their Registered Users a simple, fast, safe and reliable way to pay via UPI, wallet, cards and buy-now-pay-later for multiple use cases as illustrated below.

The company’s large Merchant network includes online websites and apps, where (i) MobiKwik is a payment option on the checkout page and as a payment option at physical retail stores; and (ii) MobiKwik is a QR code payment option at the POS/cashier. Their platform also enables peer-to-peer payments on UPI and MobiKwik Wallet.

**Payment Services enable acquisition of large customer base at low costs**



**E-Commerce**

Payment options on checkout screens

**Bill Payments**

Mobile, Broadband, TV, Electricity, FastTag & many more

**Large Format Stores**

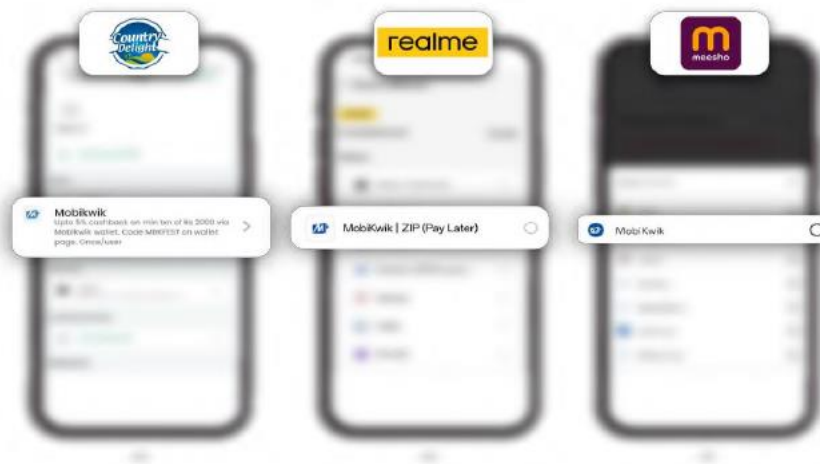
User acquisition via large merchants

**Mom & Pop Stores**

QR Based Payment at POS/Cashier

**Consumers can pay with MobiKwik through multiple product flows:**

Ecommerce merchants: Where MobiKwik is a payment option in the merchant checkout screen via direct integration between Merchants’ and their servers.



**Large format retail stores:** MobiKwik is a QR code-based payment option at the Merchant POS/cashier via direct integration between retail Merchants’ and their platform.



**Pocket UPI:** MobiKwik’ s Pocket UPI allows users to make UPI payments through MobiKwik Wallet without linking their bank account thereby giving users an additional choice to make UPI payments. The ability to make UPI payments through wallet is as a result of the interoperability of MobiKwik’ s wallet on UPI network, which offers the following benefits to their users:

- Safeguards users from compromised transactions and financial fraud by transferring funds from the MobiKwik Wallet rather than through their bank account, thus limiting exposure.
- Aids in decluttering bank statements by consolidating all UPI transactions through the wallet instead of the bank account, thereby offering a clearer insight into spending habits.
- Aids in personal managing budgets and tracking spend.
- Enables processing of payments even during bank downtimes to ensure that users can make timely payments round the clock, thus enhancing the reliability and convenience of digital payments.

**Strengths**

**Empowering Journeys: Company’s legacy of providing positive and sustainable consumer experience**

The company has always invested in creating innovative products that provide value to its existing and growing consumer and merchant network. While each product and services available today on their platform has its own strengths and offers a unique value proposition, their strength is in the journey that the consumer goes through on the platform that provides a positive and sustainable experience for the consumer and profitable business opportunity for the Company. Their approach of putting technology at the forefront of their products have helped them create products for consumers



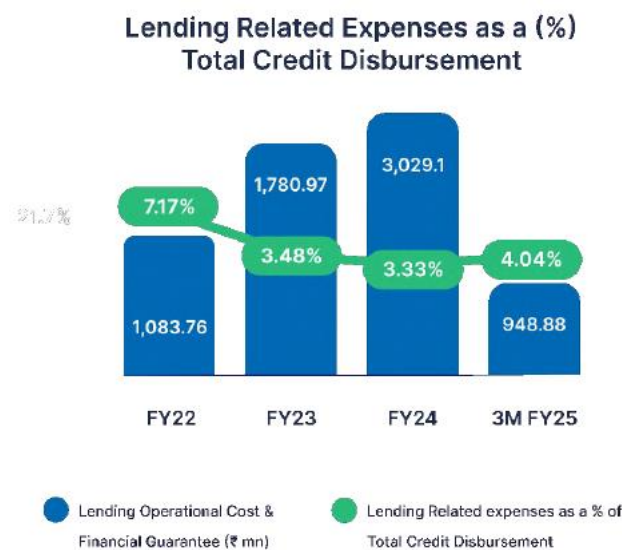
that achieve scale through the value they provide to the consumers who use them, therefore allowing them to acquire consumers at extremely low cost. This kickstarts a flywheel that allows good consumers to progress through their platform's offerings, getting access to low cost, products that fit their needs and help fulfil their aspirations, and hence leads to repeated usage. They see this for example, play out in their Mobikwik ZIP product that sees an approximately 90.30% repeat usage rate. This in turn leads to the platform improving its profitability, which in turn financially enables and motivates their Company to introduce more innovative and consumer-first products.

#### **Large, engaged consumer base acquired with low CAC**

The company's Registered Users have grown at a CAGR of 12.31% from 123.56 million as of March 31, 2022, to 155.84 million as of March 31, 2024, while they had 161.03 million Registered Users as of June 30, 2024. They primarily acquire users through the following: (i) SEO (search engine optimization) and mobile ASO (application store optimization) initiatives; (ii) user referrals from a large user base; (iii) brand recall from checkout and POS placement in their diversified merchant network; (iv) high usage of the BBPS platform; and (v) marketing and publicity. This has enabled them to maintain a low CAC per New Registered User at ₹ 32.87 in Fiscal 2024 and at ₹ 33.53 in the three months ended June 30, 2024. They believe that the convenience of using a platform, which also provides access to promotions, discounts and their SuperCash loyalty rewards, is able to effectively engage the consumers and strengthen their consumer retention.

#### **Efficient operational management of loan products distributed by them**

One of the Company's strengths lies in the adept management of operational costs for their digital credit products distributed by them, evidenced by a consistent decline over the past three financial years, which has been accompanied simultaneously with a substantial surge in total credit disbursement, underscoring their commitment to responsible and scalable lending practices. Despite the dynamic financial landscape, they have demonstrated an ability to navigate risk effectively, resulting in a noteworthy reduction in all lending-related costs. This is represented in the graph below:



The declining trend in lending related expenses is a testament to their robust risk management framework and data-driven approach. The result of such declines resulting in their Lending Partners' lending-related expenses is that such Lending Partners become confident of their operations, which results in larger limits from such Lending Partners. This efficiency, in addition to safeguarding the company's and their Lending Partners' financial health, also enhances the overall resilience of the digital credit products distributed by us. As a result, they have successfully struck a balance between mitigating credit risk and facilitating increased credit disbursement, showcasing their capacity for sustainable and controlled growth. The company's product, Xtra, is witnessing considerable traction. This showcases the amount of trust that their consumers have put into the brand Mobikwik. The Company provides curated wealth and insurance products, exemplified by the rapid growth of Xtra, which has accumulated ₹ 18,348 million in AUM, as of June 30, 2024, within 26 months of its launch.

#### **The trust in the brand**

The company believes that they have a strong brand name and recall, across large and small Indian cities. The Mobikwik Application remains one of the easiest ways to transact across multiple methods. Their offerings include e-commerce, physical retail and bill payments thereby giving them the ability to capture increasing utilization by consumers for daily life payments. They believe that their brand is well entrenched in the digital payments landscape and their consumers associate them with comprehensive digital payments offerings.

#### **Strategies**

The company's long-term growth strategies are summarized below:

#### **Scaling existing products**

In the company's aim for sustained growth and market dominance, their strategic focus centres on the expansion and refinement of their existing business segments. Firstly, the company aims to target larger revenue pools by enhancing efficiency in consumer acquisition. Initiatives to maintain their CAC through optimized marketing strategies and data-driven insights will ensure a more resourceful approach to reaching the target audience. Their expansion strategy emphasizes responsible growth through rapid scaling. A key aspect of this growth strategy lies in risk mitigation, keeping non-performing assets in their digital credit products in check and emphasizing the proactive risk management practices.

By prioritizing sustainability and profitability, the company positions itself for long-term success. This strategy encapsulates their commitment to strategic innovation, responsible growth, and financial excellence, setting the stage for their position as a force in the dynamic fintech landscape.

**Expanding product portfolio in existing business lines**

In pursuit of sustained growth and diversification, their strategy encompasses the exploration and integration of new product lines, unlocking fresh revenue streams for the Company. Firstly, they identify and target large revenue pools with millions of potential consumers. This initiative is underpinned by their demonstrated ability to successfully execute and navigate the credit and payments landscape, setting the stage for replicating their learnings in other promising segments. Leveraging their existing consumer base, particularly the digitally savvy clientele, provides a strategic foundation for introducing innovative products and services. Their commitment to launching a diverse portfolio of profitable products within payments, credit, wealth management and insurance segments aligns with their vision to tap into substantial revenue opportunities and meet evolving market demands.

The following products have been launched at a small scale:

- *Soundbox and POS/EDC machines*: These are being offered to the company’s merchants with an aim to increase merchant acquisition and retention, along with building a stream of recurring rental revenues; and
- *Merchant Credit Advance (MCA)*: While the company’s focus has been on monetizing the consumers, this is their first foray into monetizing the merchant network. This will also help in the retention of merchants as to satisfy their need for credit, they will not move to other platforms.
- *Lens*: Built on the account aggregator framework, this product allows people a comprehensive window into their finances using their bank account data. This product acts as their personal financial manager, allowing them a comprehensive look into their financial data.

**Expansion of their payment aggregator business**

An important component of their strategy involves scaling their payment aggregator business, Zaakpay, pursuant to securing the in-principal approval of the payment aggregator from the RBI. This was an important business vertical for them until Fiscal 2022 with a GMV of over ₹ 43,000 million in Fiscal 2022, which suffered a severe reduction in business, due to rejection of application for a payment aggregator license by the RBI. Post receipt of the in-principal approval for the payment aggregator license in October 2023, this business vertical has seen growth in transactions, with a GMV of over ₹ 20,000 million in the three months ended June 30, 2024. They aim to accelerate onboarding of merchants and offer them comprehensive payments experience. They also see this as a unique opportunity to extend their product to a broader spectrum of merchants, including those that are currently untapped and operate offline, by empowering them with a secure and efficient payment solution and enabling them to handle the complexities of payment processing. They aim to augment the capabilities of their platform by facilitating transactions as well as by aiming to enhance the overall financial experience for their valued partners. This strategic approach underscores their dedication to staying at the forefront of innovation and continuously improving their offerings to meet the evolving needs of the merchant community.

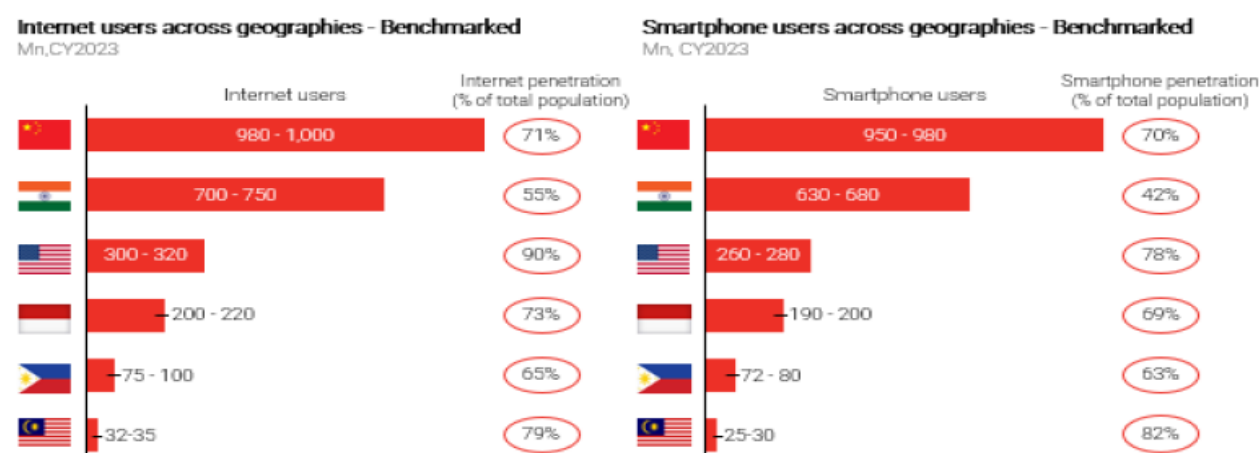
**Continuous focus on profitable growth**

MobiKwik has created a product and technology led platform that allows them to offer a curated but comprehensive financial product portfolio to its acquired consumers. With each consumer that is added or product offering that has expanded, the platform’s value to both the consumer and the merchant increases that is indicative of the inherent operating leverage that fundamentally exists for all platform-oriented businesses. As of fiscal year, ended March 31, 2024, their revenue from operations on a consolidated basis was ₹ 8,750.03 million, with ₹ 140.79 million as their Profit /(loss) for the year and ₹ 372.20 million as EBITDA.

**Industry Snapshot**

India’s Consumer Internet Economy is Expected Cross USD 600 BN by 2028, More Than Four Times its Current Value

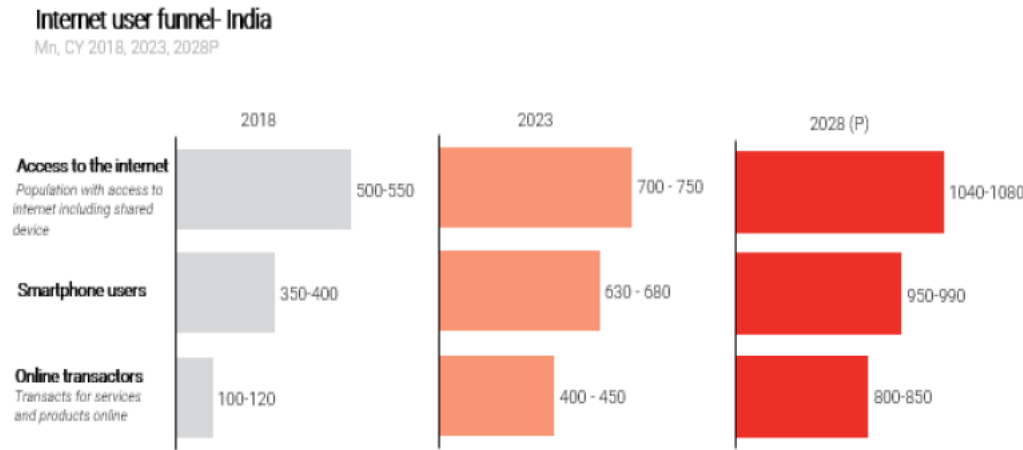
Since 2000, a large part of India has skipped the traditional fixed line phones and embraced mobile phones. 90% of all phone connections were fixed line in 2000, while currently 90% of all phone connections are mobile. Internet adoption has picked up gradually, as data rates in India have declined. India’s internet adoption has increased rapidly, from 300 Mn internet users in 2015 to 700 - 750 Mn users in 2023. Based on Redseer estimates, the smartphone users in 2023 range from 630 – 680 Mn users



**Internet and smart-phone penetration has nearly doubled from 2015 to 2023 and continues to grow in India**

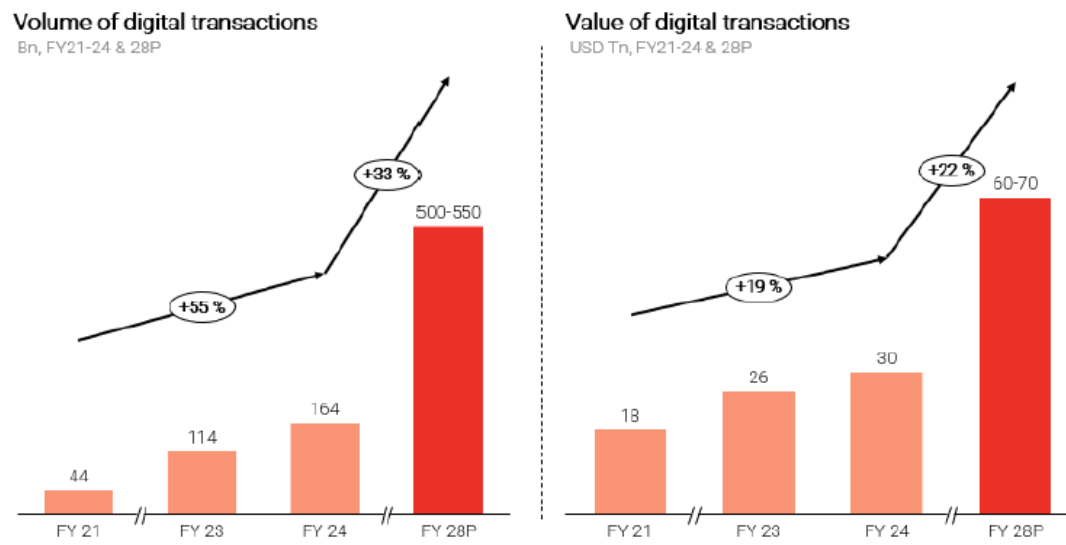


India's smartphone users have also reached ~650 Mn by 2023 and will cross 1000 Mn mark in the next 5 years. Furthermore, online transactors have also grown four times in the last 5 years.



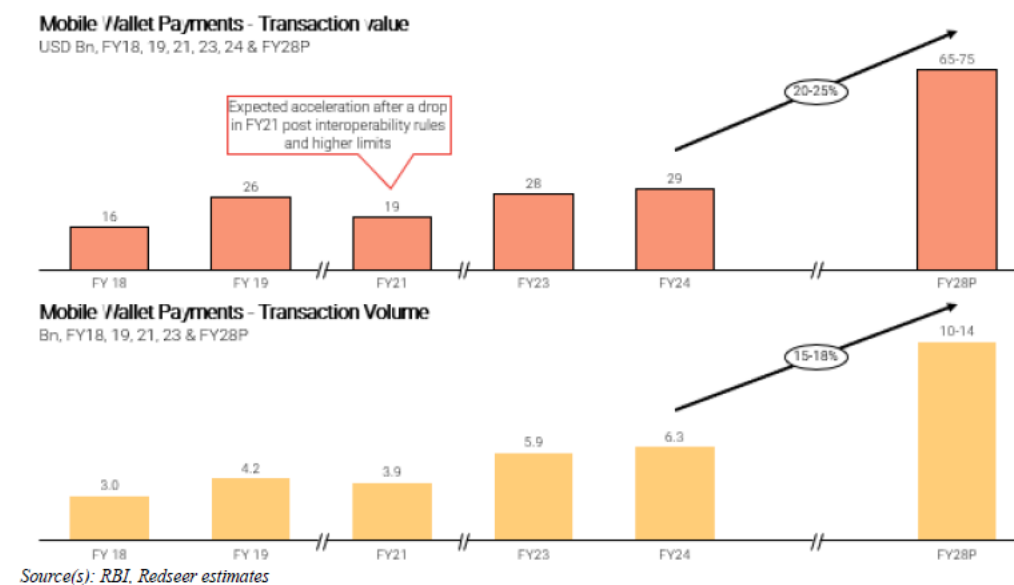
**Digital transaction value is poised to reach USD 60-70 Tn by FY28**

Based on Redseer analysis, digital payments are on a growth trajectory, and in FY28 the expected volume of digital transactions are projected to be in the range of 500-550 Bn, with an estimated value of USD 60-70 Tn.



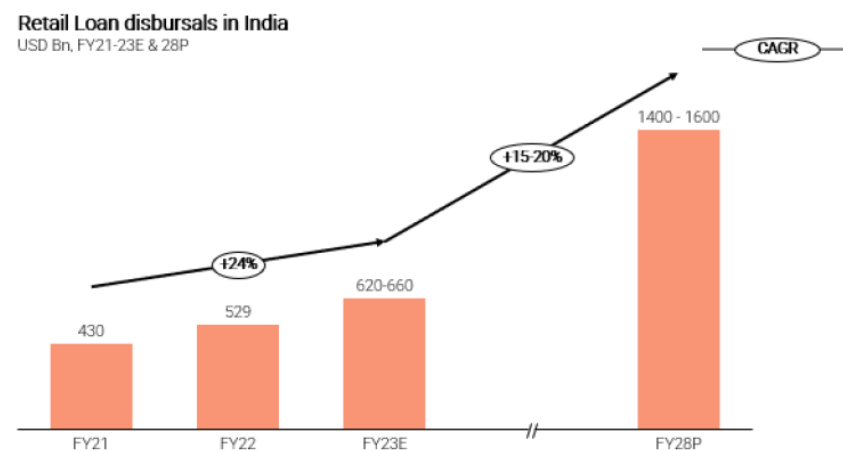
**Mobile wallets will also continue to see consistent growth**

Mobile wallet led transaction has increased from USD 16 Bn in FY18 to USD 29 Bn in FY24. Years FY20 and FY21 did see a drop in overall wallet transaction value due to the interoperability rule. Based on Redseer estimates the wallet transaction value will reach approximately 65-75 Bn in FY28P.



**Retail loans disbursements are projected to more than double in next 5 years**

India's retail loans landscape has shown growth trajectory from FY21, with total disbursements growing at a CAGR of 24% to reach USD 620-660 Bn from FY21 to FY23. Past evidence suggests an improvement in overall economic and business growth. Based on Redseer analysis, amount of retail loans disbursed in FY28 is projected to be in the range of USD 1.4 - 1.6 Tn, showcasing a growth trajectory with a CAGR ranging between 15-20% from FY23-28. Several factors are fueling the growth of retail loans in India. Firstly, the rising middle class and their increasing disposable income have fueled aspirations for better lifestyles, leading to surge in demand for housing loans, vehicle loans and personal loans. The advent of fintech has revolutionized the lending landscape, making loan applications more convenient and accessible. This innovation has not only streamlined borrowing processes but has also democratized financial access for a wider population. Additionally, the integration of credit cards on UPI further amplifies this accessibility, offering users more versatile and seamless borrowing options within the digital payment ecosystem.

**Comparison With Listed Peers**

Name of Company	Face Value (₹ Per Share)	Total Income, FY 24 (in ₹ million)	EPS	NAV (₹ per share)	P/E	RoNW (%)
One MobiKwik Systems Limited	2	8,903.15	1.8	28.43	155	8.66
<b>Peer Group</b>						
One 97 Communications Ltd	1	1,05,247.00	-22.33	209.29	NA	-10.7
<b>Listed Global Peers</b>						
Affirm Holdings, Inc	0.0008	1,85,839.90	-133.6	702.64	NA	-18.95
PayPal Holdings, Inc.	0.008	23,81,680.00	308	1,570.97	29.2	20.17

\*Note –: 1) P/E Ratio has been computed based on the closing market price of equity shares on NSE on Dec 09, 2024.

2) \* P/E of company is calculated on EPS of FY24, and post issue no. of equity shares issued.

**Key Risks**

- The company's operations are subject to regulation, oversight and inspection by the RBI, and any adverse observations, proceedings or notices from the RBI may affect their operations.
- The company's funding requirements and proposed deployment of the Net Proceeds are based primarily on management estimates and assumptions and have not been appraised by any bank or financial institution or any other independent agency. The utilization of the Net Proceeds may be subject to change based on various factors, some of which are beyond their control and such utilization may not generate expected future revenues or profits after utilization.
- Security breaches and attacks against their platform, and any potential breach of or failure to otherwise protect personal, confidential and proprietary information, could damage their reputation and materially and adversely affect their business, financial condition and results of operations.
- The company may not be able to maintain the levels of growth, including in their Financial Services business, and their historical performance may not be indicative of the future growth or financial results, which could adversely affect their business, results of operations and financial condition.
- If the company is unable to retain or expand their network of consumers, merchants, or Lending Partners, or in the event of low growth or decline in the number of their registered users and declining revenues in the digital payments and financial services businesses, their business, results of operations, financial condition, and future prospects would be materially and adversely affected.
- The company faces substantial and increasingly intense competition in the fintech industry. If they are unable to compete effectively, their business, financial condition, results of operations and prospects would be materially and adversely affected.
- The company's distribution of Financial Services Products depends on their relationships with Lending Partners, and any failure to maintain such partnerships could adversely affect the business, results of operations and financial condition.
- Their credit underwriting and risk management systems may not be able to effectively assess or mitigate the risks of Financial Services business enabled through their platform, and as a result, their Lending Partners may be unable to effectively recover the amounts disbursed by them to their customers, which could adversely affect the business, results of operations and financial condition.

**Valuation & Outlook**

One Mobikwik Systems Limited consistently invests in developing innovative products that deliver value to its expanding network of consumers and merchants. Each product and service on the platform offers distinct strengths and a unique value proposition. However, the true advantage lies in the seamless journey the platform provides, creating a positive, sustainable experience for consumers while driving profitable opportunities for the company.

To achieve sustained growth and market leadership, the company strategically focuses on expanding and optimizing its existing business segments. It aims to tap into larger revenue streams by improving the efficiency of its consumer acquisition efforts.

At the upper band company is valuing at 155x its FY24. Following the issuance of equity shares, the company's market capitalization stands at ₹21,674.5 million, with a market cap-to-sales ratio of 2.4 based on its FY24 earnings. The company is preparing to introduce additional services, such as investments and insurance, to establish itself as a comprehensive digital platform for financial services, which is expected to boost its future revenue and profits. However, it reported losses for Q1 FY25 due to pre-funding cost adjustment provisions. We believe that the issue is richly priced and recommend “**Subscribe – Long Term**” rating to the IPO.



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	Buy	Hold	Sell
<b>Large Caps (Top 100 companies)</b>	>15%	0%-15%	Below 0%
<b>Mid-Caps (101st-250th company)</b>	>20%	0%-20%	Below 0%
<b>Small Caps (251st company onwards)</b>	>25%	0%-25%	Below 0%

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