

One Stop Investment Avenue



GEPL
CAPITAL

IPO Note

ONE MOBIKWIK SYSTEM LIMITED

DEC 11, 2024





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Details of the Issue

Price Band	₹ 265 - ₹ 279
Issue Size	₹ 572 Cr
Face Value	₹ 2
Bid Lot	53
Listing on	BSE, NSE
Post Issue Mcap	₹ 2,295.45 Cr
Investment Range	₹ 14,045 - ₹ 14,787

Important Indicative Dates (2024)

Opening	11 - Dec
Closing	13 - Dec
Basis of Allotment	16 - Dec
Refund Initiation	17 - Dec
Credit to Demat	17 - Dec
Listing Date	18 - Dec

Lead Manager

SBI Capital Market Limited
DAM Capital Advisors Limited

Offer Details

Offer Size	₹ 572 Cr
Fresh Issue	-
OFS	₹ 572 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	429	15.38	16.19	75
NIB	85.8	3.08	3.24	15
Retail	57.2	2.05	2.16	10
Em-ploy.	-	-	-	-
Total	572	20.50	21.58	100

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Company Profile

Incorporated in March 2008, MobiKwik is a fintech company offering prepaid digital wallets and online payment services. It enables consumers to pay utility bills, make purchases, transfer money, check bank balances, and make payments via UPI or Rupay credit cards. The company’s flagship products include MobiKwik ZIP (Buy Now, Pay Later), ZIP EMI for consumers, and Merchant Cash Advance for businesses. These services leverage digital public infrastructure like Aadhaar, E-Nach, and Digi-Locker for seamless experiences.

As of June 30, 2024, MobiKwik had 161.03 million registered users and supported 4.26 million merchants with online and offline payment solutions. Its offerings include online checkouts, QR-based payments (Kwik QRs), MobiKwik Vibe (soundbox), EDC machines for point-of-sale, and affordable credit solutions for merchants. With 226 employees in its technology division and 19 registered trademarks (11 pending), the company is focused on innovative payment solutions and expanding its market reach.

Business Highlights & Services

One MobiKwik Systems Ltd (MobiKwik) operates as a two-sided payments network with 16.1 crore registered users and 0.4 crore merchants as of June 2024. It has two key segments: Payments, enabling seamless transactions via the MobiKwik app, and Financial Services, offering small-ticket credit through MobiKwik ZIP and ZIP EMI. With ~7.1 crore KYC-completed users and 3.4 crore pre-approved ZIP users, MobiKwik also partners with SBM Bank India to provide fixed-deposit-backed credit cards for individuals with limited or no credit history.

As of June 30, 2024, MobiKwik’s registered user base grew to 161.03 million, up from 123.56 million on March 31, 2022, achieving a 12% CAGR. The company acquires users through SEO and ASO strategies, user referrals, brand visibility via merchant checkouts and POS placements, high BBPS platform usage, and targeted marketing. This efficient acquisition approach resulted in a low CAC per new user at ₹32.87 in FY24 and ₹33.53 for Q1 FY25. MobiKwik’s platform convenience, combined with promotions, discounts, and SuperCash loyalty rewards, enhances consumer engagement and retention effectively.

MobiKwik is a well-established brand in India's digital payments ecosystem, recognized for its comprehensive offerings. As the third-largest player in the mobile wallet segment, it had 13.5 crore registered users as of March 2024 and ranked second in GMV among mobile wallet providers in FY24. The company’s growth and diversification strategy focuses on unlocking new revenue streams by targeting large consumer segments with high demand. Leveraging expertise in credit and payments, it plans to scale offerings across payments, credit, wealth management, and insurance, catering to evolving market demands. Key initiatives include merchant-focused products like Soundbox, POS/EDC machines, and Merchant Credit Advance to boost retention and generate recurring revenue. Innovations like Lens.ai enhance financial management for consumers using AI-driven insights. Development pipelines include credit-on-UPI, consumer durable loans, and co-branded credit cards.

The payment aggregator business, Zaakpay, is being revitalized post-RBI approval, with GMV recovering to ₹20,000 million in Q1 FY25. The company aims to expand merchant onboarding, tap offline markets, and provide seamless payment solutions. This strategy aligns with its commitment to innovation, profitability, and capturing significant market opportunities.

MobiKwik adopts a technology-first, cloud-powered approach, with a robust in-house technology stack enabling seamless integration, rapid product launches, and scalable operations. Its advanced data platform processes terabytes of transactional and external data, leveraging machine learning for personalized experiences, risk assessment, and predictive analytics. With a strong engineering team (averaging 226 members in Q1 FY24), led by Founder & CEO Bipin Singh, MobiKwik delivers high user engagement and



system uptime. The company's innovative solutions, including the AI-driven Lens product, enhance financial wellness and optimize services, positioning MobiKwik as a leading digital financial services platform in India.

Company's Operational Metric

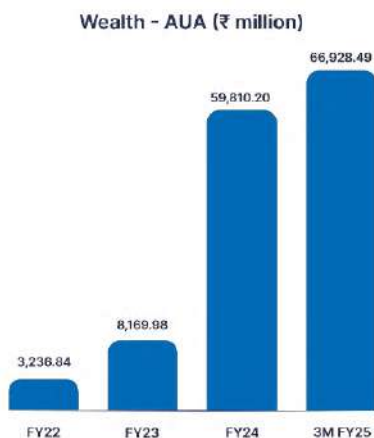
OPERATIONAL KEY PERFORMANCE INDICATORS	Unit	As of and for the Financial Year ended 31st March			Three months ended June 30, 2024
		2022	2023	2024	
Platform Spend GMV ⁽¹⁾	Mn.	2,36,321.97	2,62,350.26	4,76,777.30	2,85,782.51
Payment GMV ⁽²⁾	Mn.	1,79,473.88	2,07,250.06	3,81,954.51	2,50,802.27
Payment Gateway GMV ⁽³⁾	Mn.	43,362.35	14,072.10	34,120.76	20,278.04
MobiKwik ZIP GMV (Disbursements) ⁽⁴⁾	Mn.	13,485.74	41,028.10	60,702.03	14,702.20
ZIP EMI GMV (Disbursements) ⁽⁵⁾	Mn.	1,636.42	10,121.73	30,231.51	8,764.88
Registered Users ⁽⁶⁾	Mn.	123.56	139.89	155.84	161.03
New Registered Users ⁽⁷⁾	Mn.	22.19	16.33	15.95	5.18
Customer Acquisition Cost ⁽⁸⁾	Rs.	17.53	20.3	32.87	33.53
Activated - MobiKwik Zip Users ⁽⁹⁾	Mn.	2.44	4.07	5.9	6.23
Activated - Zip EMI Users ⁽¹⁰⁾	Mn.	0.28	0.54	0.94	1.03
Repeat MobiKwik Zip Users ⁽¹¹⁾	%	82.89%	90.35%	87.55%	90.30%
Credit - Partner AUM ⁽¹²⁾	Mn.	1,768.17	7,184.89	23,839.73	24,954.81
Wealth – AUA ⁽¹³⁾	Mn.	3236.84	8,169.98	59,810.20	66,928.49

Company's Payment Network

Consumer Payments - 4.26 mn strong pan India merchant network

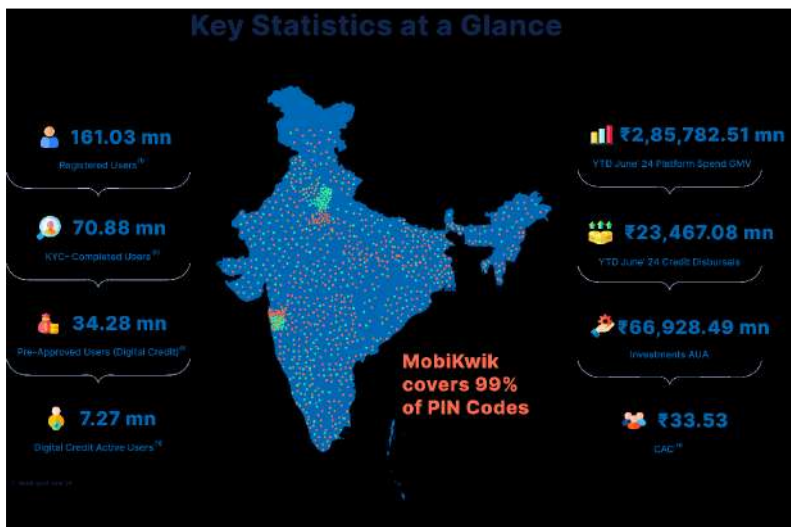


Details of AUA





Geographical Footprint



Industry Outlook



Peers Comparisons

Name of the company	Face Value (₹)	Total Income (₹ Cr)	EPS	NAV (₹)	MCAP/Sales	RoNW(%)
One Mobikwik System Limited	2	890	2.38	28.43	NA	8.66%
Peers Group						
Paytm	1	10,525	-22	209	5.44	-11%
Affirm Holding Inc	0.0008	18,584	-134	703	9.47	-18.95%
Paypal Holdings Inc	0.008	2,38,168	307	1,571	3.07	20.17%



Companies Competitive Strength :

- Empowering Journeys: The Company's legacy of providing positive and sustainable consumer experience
- Large, engaged consumer base acquired with low CAC
- Efficient operational management of loan products distributed by the company
- The trust in the brand
- Technology and product first approach to business

Key Strategies Implemented by Company

- Scaling existing products
- Expanding product portfolio in existing business lines
- Expansion of the payment aggregator business
- Continuous focus on profitable growth

Particular (INR in Cr)	Q1FY25	FY24	FY23	FY22
Equity Capital	11	11	11	11
Reserves and Surplus	148	151	132	206
Net Worth	159	163	143	217
Revenue	342	875	540	427
Growth (%)		62%	26%	
EBITDA	2	37	-56	-115
EBITDAM (%)	0.7%	4.3%	-10.4%	-26.9%
PAT	-7	14	-84	-128
PATM (%)	-1.9%	1.6%	-15.5%	-30.0%
ROE (%)	4.2%	8.7%	-58.7%	59.2%

Valuations and Recommendation:

- Based on FY24 revenue to pre-IPO paid-up equity capital of the company, The issue is priced at a Mcap to Sales of 2.6X. Thus the issue appears to fairly priced compared to its peers and sales growth of the business.
- Mobikwik is a leading player in the mobile wallet and digital lending space. As of June 2024, the company ranks as the second-largest player with a GMV of USD 1,033 million and the third-largest in terms of wallet users, with 13.5 crore users. It has 161 million active users, growing at a 12% CAGR from FY22 to FY24. The company also boasts a robust pan-India merchant network of 4.26 million, including 4.13 million physical stores, 132,000 e-commerce merchants, and 463 billers. The mobile wallet payments industry was valued at USD 29 billion in FY24 and is expected to grow at a CAGR of 20%-25%, reaching USD 65-75 billion by FY28. Mobikwik is well-positioned to capitalize on this growth, supported by its strong active user base and extensive merchant network. The company delivered a revenue CAGR of 29% from FY22 to FY24 and became profitable at both the EBITDA and PAT levels in FY24, though it reported a loss in Q1FY25. Hence, we recommend "Subscribe" rating to the issue for listing gains.



Notes

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