



IPO note:

ONE MOBIKWIK SYSTEMS LIMITED- SUBSCRIBE



The company was founded by Bipin Preet Singh and Upasana Taku, who have experience developing scalable technology and financial products in their previous organization. At its core, the company is a platform business with a two-way payments network that includes both merchants and customers. As of June 30, 2024, it has added 16.10 Crores Registered Users and allowed 42.6 Crores Merchants to accept and process payments both online and offline. As the company introduces more products to the digital credit, investments, and insurance verticals, its platform becomes more beneficial for both new and current customers.

Customers can operate various services like payment use cases and financial products through its application, MobiKwik. It provides payment services products like; Recharge and bill payments, Online payments to E-Commerce merchants, Offline payment to merchant like retailers or fuel pumps, Online transfer to any phone number, UPI ID, QR, checking bank balance, UPI payment without linking bank account through MobiKwik wallet.

It's Digital credit portfolio includes; (i) Zip EMI, it is a personal loan that must be paid back in instalments. (ii) MobiKwik ZIP, it is a pay-later product with a 30-day interest-free credit line and (iii) Credit Cards, are co-branded credit cards secured by fixed deposits.

The company's Investment products include; (i) Lens: A chatbot driven by artificial intelligence that gives users insights into their bank accounts and other financial data (ii) Xtra: A peer-to-peer lending product provided by its NBFC-P2P partner (iii) Fixed deposits with banks and NBFCs registered with the RBI and (iv) Mutual fund and digital gold distribution.

The company has won various awards over the years; which includes 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. For more details, please see "History and Certain Corporate Matters - Awards and Accreditations".

The MobiKwik application's widespread use and the volume of payment transactions have greatly advanced the knowledge of customer behaviour and needs. This has enabled the company to develop predictive machine learning models, which have further aided in the creation of a pertinent credit profile for customers. Traditional financial institutions, such as banks and non-banking financial organizations, tend to underserve its customers because they typically have poor credit histories.

The company has changed from a payments-only enterprise to one that offers a variety of financial services products. The company's main contribution is the development of a single platform that combines deep analytics and machine learning skills to aggregate and analyse the consumer financial data that company has access to. Based on the financial behaviour, skills, needs, and goals of customers, It is able to provide tailored financial solutions.

As of Financial Year 2024, Activated MobiKwik ZIP users increased to 0.59 Crores against 0.41 Crores in Financial Year 2023. As it is introducing more products to digital credit, investments, and insurance verticals, its platform becomes more beneficial for both new and current customers. It may turn the platform into a more alluring offering for its customers while also boosting its profitability and value as it is keep adding products within these verticals to portfolio. As a result, the company made ₹14.07 Crores in profit or loss for the fiscal year that ended on March 31, 2024.

Investment Recommendation and Rationale: -

At the upper price band of Rs. 279, the issue is priced at a P/E multiple of 154.14 of its FY24 post IPO EPS of Rs. 1.81. We give a 'SUBSCRIBE' rating to the issue for the following reasons: -

- Its platform's capabilities will be enhanced to facilitate transactions and improve the entire financial experience for its partners.**
- According to the RedSeer Report, the market for digital financial products and services is currently valued at USD 996 billion (₹ 80 trillion) in FY23 and is projected to grow to USD 2.5 billion to USD 3 billion (₹ 200 trillion to 250 trillion) by FY28.**
- The number of unique merchants where MobiKwik ZIP users transacted increased from 20,671 as of March 31, 2022, to 32,898 as of March 31, 2024.**

Issue open date	11 th December 2024
Issue close date	13 th December 2024
Type of Issue	Fresh Issue of 2,05,01,792 Shares (aggregating up to Rs. 572.00 crores)
Issue size	Rs. 572.00 crores
Price Band	Rs. 265 to Rs. 279 per share
Bid lot/ Bid Size	53 shares/ Rs. 14,787
Issue structure	QIB-75%, HNI- 15%, Retail- 10%
Post issue equity shares	7,76,86,313
Promoters and Promoter Group Public	Pre Issue-34.21% Post issue- 25.18% Pre Issue-65.79% Post issue-74.82%
Post issue implied market cap	Rs. 2167.45 Crores
BRLMs	SBI Capital Markets Limited, DAM Capital Advisors Limited.
Registrar to the issue	Link Intime India Private Limited

Financial Summary (Restated Consolidated) (₹Crore)

Particulars	FY24	FY23	FY22
Platform Spend GMV	47677.73	26235.03	23632.20
Payment GMV	38195.45	20725.01	17947.39
Payment Gateway GMV	3412.08	1407.21	4336.24
MobiKwik ZIP GMV (Disbursements)	6070.02	4102.81	1348.58
ZIP EMI GMV (Disbursements)	3023.15	1012.17	163.64
New Registered Users	1.60	1.63	2.22
Customer Acquisition Cost	32.87	20.30	17.53
Activated - MobiKwik Zip Users	0.59	0.41	0.24
Repeat MobiKwik Zip Users (%)	87.55	90.35	82.89
Credit - Partner AUM	2383.97	718.49	176.82
Wealth – AUA	5981.02	817	323.68
Financial Summary			
Revenue from operations	875.00	539.47	526.57
EBITDA	37.22	(55.92)	(115.41)
EBITDA Margin %	4.18	(9.97)	(21.24)
Profit /(loss) for the year/period	14.08	(80.63)	(128.42)

Summary of Financial Performance	Q1FY25
Revenue from Operations	342.27
EBITDA	22.30
EBITDA Margin %	0.64
Profit /(loss) for the year/period	(6.62)

Source: Red Herring Prospectus (RHP)

Fresh Issue of 2,05,01,792 shares aggregating up to Rs. 572.00 Cr

Company plans to use the Net Proceeds to fund the following objects:

1. To provide funding in Financial Services business and payment service business growth.
2. Research and development in data, ML and AI and product and technology.
3. Provide CAPEX for payment devise business.
4. General Corporate purpose.

Source: Red Herring Prospectus (RHP)

Key Statistics at a Glance



Revenue and Cost Drivers:

	Payment Services	Financial Services
Products/ Solutions	<ul style="list-style-type: none"> Merchant payment ecosystem Recharge and bill payments Credit card bill payments UPI Ecosystem 	<ul style="list-style-type: none"> MobiKwik ZIP (30 days product) MobiKwik ZIP EMI (3–24 month product) Merchant Cash Advances (3–24 month product)
Revenue Model	<ul style="list-style-type: none"> Merchant fees Convenience fees (User) 	<ul style="list-style-type: none"> Merchant fees One-time activation fees Late payment fees and penal charges Sourcing and collection fees
Revenue Drivers	<ul style="list-style-type: none"> Registered and new users Payment GMV Payment mix (credit card, UPI, debit card, wallet, etc.) 	<ul style="list-style-type: none"> Activated users Percentage of repeat users Digital Credit GMV Average ticket size
Revenue Percentage	Payment services revenue as a % to total revenue from operations	
	Three months ended, June 30, 2024	50.12%
	Fiscal 2024	36.24%
	Fiscal 2023	47.17%
	Fiscal 2022	81.45%
Revenue Percentage	Financial services revenue as a % to total revenue from operations	
	Three months ended, June 30, 2024	49.88%
	Fiscal 2024	63.76%
	Fiscal 2023	52.83%
	Fiscal 2022	18.55%
Revenue (in ₹ millions)	Payment services	
	Three months ended, June 30, 2024	1,715.41
	Fiscal 2024	3,171.21
	Fiscal 2023	2,544.46
	Fiscal 2022	4,289.08
Revenue (in ₹ millions)	Financial services	
	Three months ended, June 30, 2024	1,707.26
	Fiscal 2024	5,578.82
	Fiscal 2023	2,850.21
	Fiscal 2022	976.57

Source: Red Herring Prospectus (RHP)

Peer Comparison

Name of Company	Face Value (₹ Per Share)	Closing price on December 3, 2024 (₹)	Total Income, for Fiscal 2024 (in ₹)	EPS (Basic) (in ₹)	EPS (Diluted) (in ₹)	NAV (₹ per share)	P/E	Market Cap/ Total Revenue Ratio	RoNW (%)
One MobiKwik Systems Limited	2.00	NA	890.32	2.46	2.38	28.43	154.14	NA	8.66
Peer Group									
One 97 Communications Ltd	1.00	902.60	10524.70	(22.33)	(22.33)	209.29	NA	209.29	(10.70)
Listed Global Peers*									
Affirm Holdings, Inc	0.0008	5,660.804	18583.99	(133.60)	(133.60)	702.64	NA	9.47	(18.95)
PayPal Holdings, Inc.	0.008	6,811.20	238168.00	308.00	307.20	1,570.97	22.17	3.07	20.17

*Data for listed global peers have been converted to INR.

Competitive Strengths

1. The company aims to provide sustainable service to the costumers.
2. A sizable, active customer base that was obtained with minimal CAC.
3. Effective operational administration of its loan products.
4. Strong brand name across India.

Source: Red Herring Prospectus (RHP)

Growth Strategies

1. Its strategic focus is on growing and improving current business divisions.
2. Investigation and incorporation of new product lines, opening up new sources of income for business.
3. The expansion of payment aggregator business is a key element of the company's plan.

Source: Red Herring Prospectus (RHP)

Key Risks

1. The RBI regulates, monitors, and inspects its operations; any unfavourable findings, actions, or notifications from the RBI may have an impact on its business.
2. Attacks and security lapses on its platform, as well as any possible compromise or noncompliance with other measures to safeguard private, proprietary, and sensitive data, may harm its brand and have a significant negative impact on its operations, financial situation, and company.
3. If the company is unable to maintain or grow network of customers, merchants, or lending partners, or if the number of registered users decreased or grew slowly, then its business, operational results, financial situation, and prospects for the future would all be significantly and negatively impacted.
4. Any violation of applicable laws and regulations, including those pertaining to the processing, storage, use, security, disclosure, and privacy of consumer data, may give rise to lawsuits, modifications to its data security and privacy policies or other business operations, fines, higher operating costs, a drop in customer growth or engagement, or other detrimental effects on company.
5. The company rely on Zaakpay's services for its financial services and payments business, particularly MobiKwik ZIP and ZIP EMI. Any interruption in its services could negatively impact platform operations, which could have an adverse effect on its reputation, brand, business operations, financial situation, and operational outcomes.

Source: Red Herring Prospectus (RHP)



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