

Incorporated in March 2008, Mobikwik is a fintech company providing prepaid digital wallets and online payment services. Company's aim is to leverage technology as the primary factor to facilitate financial inclusion for the underserved population in India. The Company was founded by Bipin Preet Singh and Upasana Taku, who has prior experience in building scalable technology and financial products at their previous organisations.

Business Overview:

- The Company is a platform business at its core, that has a two-sided payments network, consisting of consumers and merchants. It 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 company has created innovative products such as MobiKwik ZIP, ZIP EMI for consumers, and Merchant Cash Advance for merchants through in-house models and strategic partnerships with lending partners. These offerings utilize digital public infrastructure (DPI) such as Aadhaar, E-Nach, Digi-Locker, and NSDL to provide seamless and digital-first experiences for consumers.
- The product range of the company includes the following
 - Online Checkout for E-commerce Merchants: Enables merchants to accept payments through all major modes, including UPI, wallets, cards, and pay-later options.
 - Scan and Pay with Kwik QRs: This feature allows retail merchant partners to accept payments via UPI, wallets, cards, and pay-later options using QR codes.
 - MobiKwik Vibe (Soundbox): A QR-enabled device that announces payment confirmations for merchants, enhancing the customer experience.
 - MobiKwik EDC Machine: A point-of-sale terminal that allows merchants to accept all in-person payment modes, including credit cards, debit cards, and UPI.
 - Merchant Cash Advance: A flagship credit product that provides accessible, affordable credit to merchants using the company's payment solutions for their business needs.
- The usefulness of its platform for new and existing consumers increases, as the company add newer products to its digital credit, investments, and insurance verticals.
- As the company continue to expand the portfolio of products under these verticals, it believe company can transform the platform into an increasingly compelling offering for its consumers while simultaneously enhancing its profitability and value. As a result, Company has achieved Profit /(loss) for the year ended March 31, 2024 amounting to Rs. 14.08 crore.
- Company's commitment to growth through frugal, digital-first innovations is demonstrated through its bouquet of products at scale, and maintaining one of the lowest employee cost to revenue among digital financial product and services platforms in Fiscal 2023 (Source: Red-Seer Report).
- Company's 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.
- The company provides a range of payment services, enabling consumers to:
 - Pay utility bills, such as mobile recharges, electricity, and credit card bills
 - Make purchases at both online and offline merchants, including retail stores and fuel stations
 - Transfer money to phone numbers, UPI IDs, or bank accounts
 - Check bank balances
 - Scan QR codes and make payments using UPI or Rupay credit cards.

NSE SYMBOL	MOBIKWIK
SECTOR	E—SERVICES
ISSUE SIZE	Rs. 572 Crs.
PRICE BAND	Rs. 265 - 279
BID SIZE (Nos.)	53
FACE VALUE	Rs. 2.00
MARKET CAP	Rs. 2167.45 Crs
RATING	SUBSCRIBE

TENTATIVE DATES	
ISSUE OPEN DATE	11TH DEC 2024
ISSUE CLOSE DATE	13TH DEC 2024
BASIS OF ALLOTMENT	16TH DEC 2024
INITIATION OF REFUNDS	17TH DEC 2024
CREDIT OF SHARES	17TH NOV 2024
LISTING DATE	18TH NOV 2024

- The Company has 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.
- As of June 30, 2024, the company has 226 permanent employees in its technology function.
- As of December 2024, the company had obtained 19 registered trademarks and had applied for 11 trademark applications under the Trade Mark Act of 1999.

(Source— RHP)

STRENGTHS

- Empowering Journeys through 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 them
- The trust in their brand
- Technology and product first approach to business

(Source— RHP)

OBJECTS OF THE ISSUE

- **Fresh Issue** - The Company would raise up to Rs. 572 crores by offering fresh shares. Company proposes to utilise the Net Proceeds from the Fresh Issue towards funding the following objects.
 - Funding organic growth in company's financial services business
 - Funding organic growth in its payment services business
 - Research and development ("R&D") in data, ML and AI and product and technology
 - Capital expenditure for its payment devices business
 - General Corporate Purposes

RECOMMENDATION

At the upper band of offer price of Rs 279, the issue has been priced at P/BV of 3 times and Market Cap / Sales of 2.4 times on enhanced equity. Compared to One 97 Communication, P/BV of 4.3 times and Market Cap / Sales of 7.5 times, One Mobikwik Systems is reasonably valued.

Investors - **SUBSCRIBE to ONE MOBIKWIK SYSTEMS LTD - IPO** considering large, engaged consumer base acquired with low CAC, presence in highly underpenetrated market and gearing to add other services like investment, insurance to become all finance related services on digital platform.

RISKS

- 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 its operations.
- Its 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
- Security breaches and attacks against company's platform, and any potential breach of or failure to otherwise protect personal, confidential and proprietary information, could damage its reputation
- It may not be able to maintain the levels of growth, including in its Financial Services business, and its historical performance may not be indicative of its future growth or financial results.

(Source— RHP)

PEER COMPARISON

	Face Value (Rs.)	CMP In Rs. (10-12-2024)	TTM EPS (Rs.)	BV per share (Rs.)	P/E (X)	P/BV (X)	M. Cap / Sales
One 97 Communications	1.00	967.00	0.00	228	N.A	4.2	7.4
One Mobikwik Systems	2.00	279.00	1.81	94.05	153.9	3.0	2.4

(**On upper price band and on FY 2024 EPS)

PROFIT & LOSS A/C
(In Rs. Crore.)

	FY 2022	FY 2023	FY 2024	3 MONTHS JUNE FY 2025
Income				
Revenue from operations	526.57	539.47	875.00	342.27
Other income	16.65	21.65	15.31	3.56
Total income	543.22	561.12	890.32	345.83
Expenses				
Payment gateway cost	227.68	156.65	201.72	127.62
Lending operational expenses	17.61	68.50	270.26	92.36
Financial guarantee expenses	90.77	109.59	32.66	2.53
Employee benefits expense	107.25	98.23	115.97	39.19
Other expenses	215.33	184.06	232.50	81.91
Total expenses	658.63	617.04	853.10	343.60
Earnings before finance cost, depreciation, amortisation and tax (EBITDA)	-115.41	-55.92	37.22	2.23
Finance costs	10.91	20.42	18.83	6.58
Depreciation and amortisation expense	2.10	4.28	4.32	2.00
Profit/(loss) before tax	-128.42	-80.63	14.08	-6.35
Tax Expense				
Current tax	0.22	0.07	0.00	0.27
Deferred tax	-0.47	3.12	0.00	0.00
Total tax expense/ (credit)	-0.26	3.19	0.00	0.27
Profit/(Loss) for the period/ year	-128.16	-83.81	14.08	-6.62

BALANCE SHEET

(In Rs. Crore.)

	FY 2022	FY 2023	FY 2024	3 MONTHS JUNE FY 2025
Assets				
Property, plant and equipment	2.65	2.12	5.97	10.29
Right-of-use assets	6.65	12.42	9.87	10.70
Investments	1.04	1.62	4.61	4.61
Other non-current assets	166.40	147.44	144.07	138.70
Total non-current assets	176.74	163.60	164.50	164.30
Trade receivables	29.44	75.85	81.09	109.20
Cash and Bank Balance	384.15	361.69	387.49	405.99
Others financial assets	226.67	83.59	175.19	184.32
Other current assets	19.14	29.60	46.38	44.30
Total current assets	659.39	550.73	690.15	743.80
Total assets	836.13	714.33	854.65	908.10
Equity and liabilities				
Equity share capital	11.44	11.44	11.44	11.44
Other equity	205.10	131.26	151.15	147.21
Total equity	216.54	142.69	162.59	158.65
Borrowings	0.00	22.50	42.35	30.90
Lease liabilities	5.95	11.38	9.16	9.48
Other non-current liabilities	2.06	2.24	2.55	3.13
Total non-current liabilities	8.02	36.11	54.06	43.51
Borrowings	150.91	169.78	169.35	175.44
Lease liabilities	0.85	1.92	2.22	2.80
Trade payables	74.79	117.83	227.07	231.95
Other current liabilities	385.02	246.00	239.37	295.75
Total current liabilities	611.57	535.53	638.00	705.95
Total liabilities	619.59	571.64	692.06	749.45
Total equity and liabilities	836.13	714.33	854.65	908.10

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