



## ONE MOBIKWIK SYSTEMS LIMITED

Issue Opens - December 11, 2024 to December 13, 2024

**Price Band**  
**₹265 to ₹279**

Face Value  
₹2

Issue Size  
₹572 Cr

Lot Size  
53 Shares

Issue Type  
Book Built

Issue Size

20,501,792 shares / ₹572 Cr

Fresh Issue

20,501,792 shares / ₹572 Cr

Offer for Sale

N/A

Basis of Allotment

Monday, December 16, 2024

Initiation of Refunds

Tuesday, December 17, 2024

Credit of Shares to Demat

Tuesday, December 17, 2024

Mobikwik Listing Day

Wednesday, December 18, 2024

# Objects of The Offer



The company propose to utilise the Net Proceeds towards funding the following objects:

1. Funding growth in financial services and payment services business;
2. Research and development in data, ML and AI and product and technology
3. Capital expenditure for payment devices business.

## Brief profile of the Directors

**Bipin Preet Singh** serves as the Managing Director, CEO, and Co-Founder of the company. An IIT Delhi graduate in electrical engineering, he founded the company in 2008 and brings experience in the semiconductor and fintech industries. Prior to this, he worked at Freescale Semiconductors (later NXP India), NVIDIA Graphics, and Intel Technology in various engineering roles.

**Upasana Rupkrishan Taku**, the Executive Director, Chairperson, CFO, and Co-Founder, holds a B.Tech in industrial engineering from Punjab Technical University and an M.Sc. in management science and engineering from Stanford University. She joined the company in 2010 and has extensive global experience in fintech and payments, having previously worked with PayPal as a product manager and HSBC Auto Finance as a business analyst.

**Dr. Punita Kumar Sinha** is an Independent Director with expertise in investment management and financial markets. An IIT Delhi alumnus with a Ph.D. and Master's in finance from Wharton School, she also holds an MBA from Drexel University and is a CFA charterholder. A Distinguished Alumni Award recipient from IIT Delhi, she has served on boards of companies like Infosys and JSW Steel and held leadership roles, including Senior Managing Director at Blackstone. She joined the company in July 2021.

**Vineet Bansal** is a Non-Executive, Non-Independent Director and Nominee Director, representing the Founder Promoters of the company. He holds dual degrees in chemical engineering, including a B.Tech and M.Tech with a specialization in process systems design from IIT Bombay, along with an M.Sc. from Bernard M. Baruch College, City University of New York. He is the Promoter Director of Handy Online Solutions Private Limited (OnGrid) and previously worked as an analyst with BlueCrest USA GP, LLC.



## About The Company

**MobiKwik Systems Ltd.**, founded by Bipin Preet Singh and Upasana Taku, is a leading fintech company leveraging technology to drive financial inclusion for India's underserved population. At its core, MobiKwik operates as a platform business with a two-sided payments network, seamlessly connecting consumers and merchants.

## Key Business Operations

**MobiKwik Systems Ltd.** serves over 161 million registered users and 4.26 million merchants, offering a wide range of services:

### Payments Services:

- **Recharge and Bill Payments:** Facilitates mobile recharges, electricity bills, FASTag top-ups, and more.
- **Online and Offline Payments:** Enables payments at e-commerce platforms, organized retail outlets, fuel pumps, and via QR codes.
- **Pocket UPI:** A unique UPI solution allowing payments through the MobiKwik Wallet without linking a bank account.

### Digital Credit Products:

- **MobiKwik ZIP:** A pay-later product offering 30-day interest-free credit.
- **ZIP EMI:** Personal loans repayable in installments.
- **Co-Branded Credit Cards:** Backed by fixed deposits for easy access to credit.

### Investments and Wealth Products:

- **Lens:** AI-driven financial management for personalized investment insights.
- **Xtra:** Peer-to-peer lending through NBFC partnerships.
- **Fixed Deposits and Mutual Funds:** Simplified savings and investment options, including digital gold.

### Merchant Solutions:

- **Payments Acceptance:** QR codes, EDC machines, and online checkouts support all major payment modes, including UPI and pay-later.
- **Merchant Cash Advance:** Accessible credit solutions tailored to merchants' business needs.

# Key Statistics at a Glance



**161.03 mn**

Registered Users<sup>††</sup>

**70.88 mn**

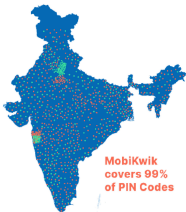
KYC- Completed Users<sup>††</sup>

**34.28 mn**

Pre-Approved Users (Digital Credit)<sup>††</sup>

**7.27 mn**

Digital Credit Active Users<sup>††</sup>



**MobiKwik covers 99% of PIN Codes**

**₹2,85,782.51 mn**

YTD Jun' 24 Platform Spend GW<sup>††</sup>

**₹23,467.08 mn**

YTD Jun' 24 Credit Disbursal<sup>††</sup>

**₹66,928.49 mn**

Investments ALIA<sup>††</sup>

**₹33.53**

CAC<sup>††</sup>

## Overview of Revenue and Cost Drivers

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

# Statement of Profit and Loss



(All amounts are in Indian Rupees millions, unless otherwise stated)

Particulars	For the period Ending		
	30th June 2024	31st Mar 2024	31st Mar 2023
<b>Income</b>			
Revenue from operations	3,422.67	8,750.1	5,394.67
Other income	35.62	153.1	216.49
<b>Total income</b>	<b>3,458.29</b>	<b>8,903.1</b>	<b>5,611.16</b>
<b>Expenses</b>			
Payment gateway cost	1,276.15	2,017.1	1,546.52
Lending operational expenses	923.61	2,702.5	685.04
Financial guarantee expenses	25.27	326.5	1,095.93
Employee benefits expense	391.90	1,159.3	982.25
Other expenses	819.06	2,324.5	1,840.62
<b>Total expenses</b>	<b>3,435.99</b>	<b>8,530.9</b>	<b>6,170.36</b>
<b>Earnings before finance cost, depreciation, amortisation (EBITDA)</b>	<b>22.30</b>	<b>372.2</b>	<b>(559.20)</b>
Finance costs	65.81	188.2	204.24
Depreciation and amortisation expense	19.96	43.1	42.82
<b>Profit/(loss) before tax</b>	<b>(63.47)</b>	<b>140.8</b>	<b>(804.26)</b>
<b>Tax expense</b>			
Current tax	2.68	0.1	0.73
Deferred tax	-	-	31.15
<b>Total tax expense/(credit)</b>	<b>2.68</b>	<b>0.0</b>	<b>31.88</b>
<b>Profit / (loss) for the year</b>	<b>(66.15)</b>	<b>140.7</b>	<b>(836.14)</b>
<b>Other comprehensive income (OCI)</b>			
<b>Items that will not be reclassified subsequently to profit</b>			
Remeasurement of net defined benefit liability	(3.47)	(0.1)	(1.42)
Fair value changes on equity investments through OCI	-	4.1	5.84
Income tax relating to above items	-	-	-
<b>Other comprehensive income for the year</b>	<b>(3.47)</b>	<b>4.0</b>	<b>4.42</b>
<b>Total comprehensive income for the year</b>	<b>(69.62)</b>	<b>144.8</b>	<b>(831.72)</b>
<b>Earnings per share:</b>			
(i) Basic	(1.16)	2.4	(14.66)
(ii) Diluted	(1.16)	2.1	(14.66)

# Strengths



- **Strong Market Position in Fintech:** Mobikwik is one of the leading players in the Indian fintech space, providing a wide array of digital payment solutions, including prepaid wallets, UPI payments, and merchant services. This positions the company to capitalize on India's growing digital payments market.
- **Innovative Offerings:** The company has created notable products like MobiKwik ZIP (Buy Now Pay Later) and Merchant Cash Advance, which make it attractive for consumers and businesses looking for flexible payment solutions.
- **Potential for Increased Profitability:** The company's focus on expanding its product offerings and increasing its merchant base could drive future profitability. Although Mobikwik has reported losses in the past, its strong growth trajectory provides a path to positive earnings in the future.

# Threats

- **Fierce Competition:** MobiKwik faces stiff competition from major players like Paytm, PhonePe, and Google Pay, which could erode its market share and profitability.
- **Regulatory Hurdles:** As a fintech company, MobiKwik is subject to stringent regulations and compliance standards. Any regulatory changes could disrupt its operations and financial performance.
- **Cybersecurity Risks:** The rising threat of cyberattacks poses a significant risk to MobiKwik's business, potentially leading to data breaches, financial losses, and reputational damage.
- **Third-Party Dependencies:** MobiKwik's reliance on third-party service providers exposes it to operational risks. Any disruptions in these services could impact its ability to deliver seamless services to its customers.
- **User Experience and Retention:** MobiKwik must prioritize user experience and retention to stay competitive. A poor user experience could drive customers away and harm its market position.

# Valuation and Outlook



**One Mobikwik Systems Limited** IPO is expected to be priced between ₹265 to ₹279 per share. At this price, the company is valued at Price-to-Earnings (P/E) ratio of 113x (based on FY 24 EPS) whereas the industry average is not available as its Indian Peer is incurring losses.

Name of Company	Total Income, for Fiscal 2024 (in ₹ million)	EPS (₹)		NAV (₹ per share)	P/E	Market Cap/ Total Revenue Ratio	RoNW (%)
		Basic	Diluted				
One MobiKwik Systems Limited	8,903.15	2.46	2.38	28.43	[●]	[●]	8.66
Peer Group							
One 97 Communications Ltd <sup>®</sup>	1,05,247.00	(22.33)	(22.33)	209.29	NA	5.44	(10.70)
Listed Global Peers							
Affirm Holdings, Inc <sup>®</sup>	1,85,839.90	(133.60)	(133.60)	702.64	NA	9.47	(18.95)
PayPal Holdings, Inc. <sup>*</sup>	23,81,680.00	308.00	307.20	1,570.97	22.17	3.07	20.17

Mobikwik's financial metrics demonstrate that revenue increased by 59% between the financial year ending March 31, 2024 and March 31, 2023. Company turned profitable and reported a PAT of 140.8 crore, but in Q1 FY 25 it reported a loss of 63.5 crores possibly due to change in revenue mix in current quarter vis-a-vis previous Fiscal Years and an increase in payment gateway costs. The Industry growth and the healthy growth prospects for Mobikwik within the industry seems to be huge but industry is prone to high regulatory risks.

On the basis of the above rationale, We rate **"APPLY"** to One Mobikwik Systems Ltd IPO only for Listing Gains.

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