



IPO Note

One Mobikwik Systems Limited

Recommendation: **AVOID!**

Company Background -

- **Incorporation:** Incorporated in 2008, The company's registered office is located at Gurugram, Haryana.
- **Business Activity:** It's a fintech company operating in digital financial services and digital payments space accounting for 50-50 revenue mix for Q1FY2025. Commencing operations through the MobiKwik Wallet, the company has over the years, evolved into providing and distribution of a diverse array of financial services, ranging from credit (MobiKwik ZIP, ZIP EMI), digital payments (MobiKwik Wallet, Zaakpay, UPI) and facilitating P2P lending (MobiKwik Xtra). The company leverage big data analytics and deep data science (including machine learning) to continuously service users and merchants on its platform.
- **Human Resource:** As of June 30, 2024, they had 2,213 employees, including 726 permanent employees and 1,487 contract employees.

Objects of the Issue -

- To Funding growth in the financial services business
- Funding growth in the payment services business
- Investment in data, ML, AI, product and technology
- Capital expenditure for the payment devices business
- General Corporate Purposes

Promoters Name -

Bipin Preet Singh, Upasana Rupkrishan Taku, Koshur Family Trust, and Narinder Singh Family

Rationale for recommendation -

- ✓ Negative cashflows.
- ✓ Negative return margins.
- ✓ Volatile highly competitive market.

IPO Details

Opening Date	Dec 11, 2024
Closing Date	Dec 13, 2024
Allotment Date	Dec 16, 2024
Listing Date	Dec 18, 2024
Stock Exchange	BSE NSE
Lot Size	53 Shares
Issue Price Per Share	₹265 to ₹279 per share
Issue Size	₹572.00 Cr.
Fresh Issue	₹572.00 Cr
Offer for Sale	-
Application Amt	₹14,787 (53 shares)

KPI's	KPIs			(In Crs.)
	FY 22	FY 23	FY 24	Aug-24
Revenue	526.57	539.47	875.00	342.27
EBITDA	-132.06	-77.57	21.91	-1.33
Net Profit	-128.16	-83.81	14.08	-6.61
RoCE	-59.74%	-45.78%	8.12%	-1.70%
ROE	-59.19%	-58.74%	8.66%	-4.17%
P/E	-	-	-	-

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
34.21%	25.18%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	2.38	-1.70
BVPS	28.43	93.20
P/E	117.23	-163.83
P/BV	9.81	2.99
Mkt Cap (In Cr)	1,595.45	2,167.45

*Annualized

Lead Managers -

Dam Capital Advisors Ltd
SBI Capital Markets Limited

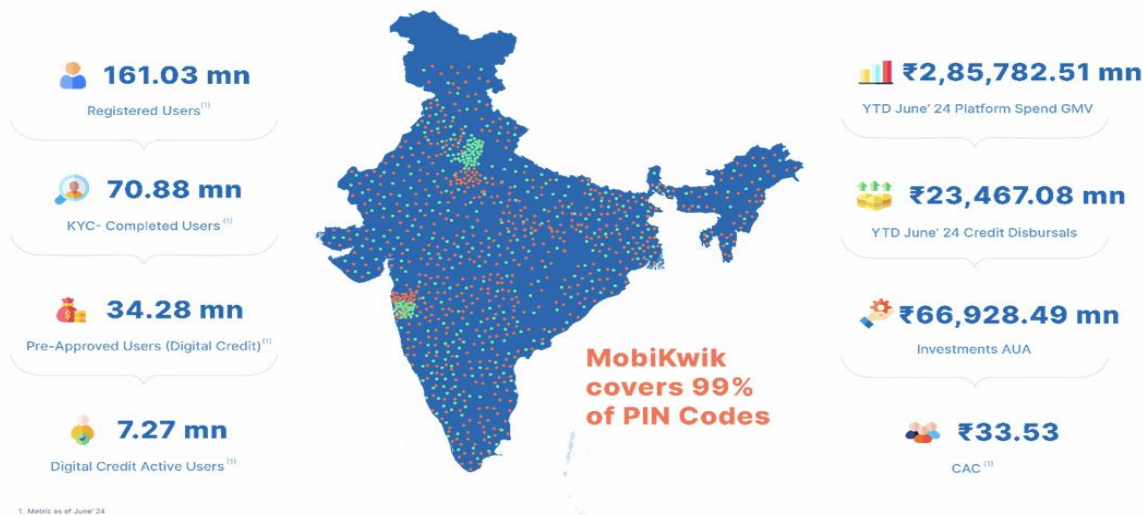
Registrar -

Link Intime India Private Ltd

Business Overview

MobiKwik leverages data and machine learning to assess creditworthiness, especially for underserved consumers. Products like MobiKwik ZIP, ZIP EMI, and Merchant Cash Advance, powered by digital infrastructure, reach a wider audience. Recognizing the growing demand for investment products, MobiKwik offers mutual funds, digital gold, "Xtra," and "Lens." With a unified platform, MobiKwik offers personalized financial solutions based on consumer behavior and needs. Demat accounts have grown at a CAGR of 18% from 21 million in FY2013 to 114 million in FY2023.

Key Statistics at a Glance



Consumer facing Products:

Product Name	Description
Payments	
Recharge and Bill Payments	Mobile recharges, credit card bills, Fastags, EMIs, insurance premiums, electricity, LPG payments.
Online Payments	Payments at e-commerce merchants.
Offline Payments	Payments at retail and fuel pumps.
Money Transfers	P2P transfers, bank balance checks, QR code payments, UPI payments.
Digital Credit	
MobiKwik ZIP	30-day interest-free credit (₹1,000–₹60,000 credit limit); powered by lending partners; lifetime activation fee; recovery using AI-driven tools.
ZIP EMI	Interest-bearing loans (₹10,000–₹200,000) with repayment in 3–24 EMIs; allows no-cost or low-cost purchase options at certain merchants.
Investments	
Lens	Personal financial management tool.
Xtra	Alternative investment product.
MF & Digital Gold	Investment distribution platform.

Merchant-facing Products:

Product Name	Description
Payment Solutions	
Online Checkout	Accepts payments via UPI, wallet, cards, and pay-later.
Kwik QR	Enables QR code payments.
MobiKwik Vibe (Soundbox)	QR-enabled payment announcement device.
MobiKwik EDC Machine	Point-of-sale machine for in-person payments.
Financial Services	
Merchant Cash Advance	Credit product for merchants.

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

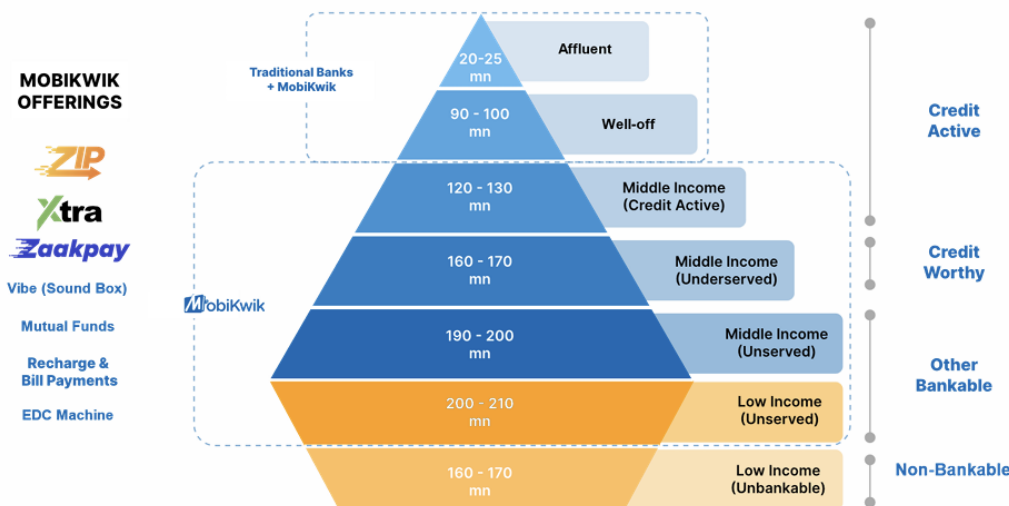


Revenue and Cost-Driver for each business vertical:

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

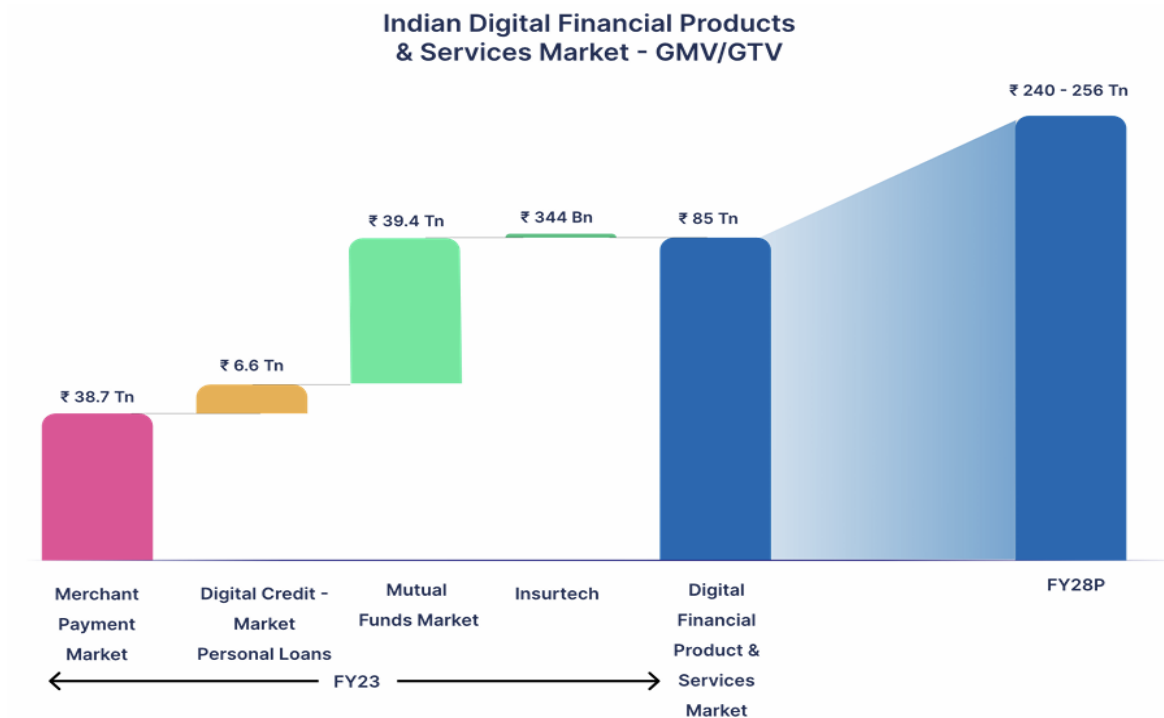
Market Opportunity

India’s adult population split by credit worthiness

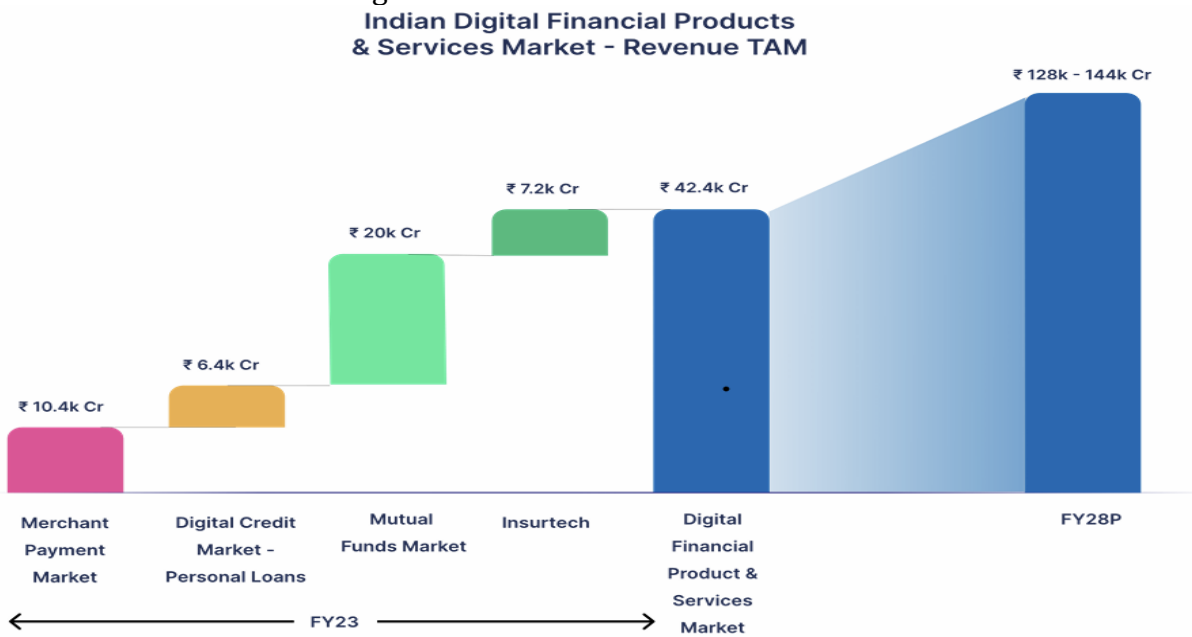


Source: RedSeer Report

- **Underpenetrated Market:** The Indian financial services market, especially for middle and low-income segments, is largely untapped.
- **Addressing Consumer Challenges:** MobiKwik aims to solve the challenges faced by consumers in accessing financial services.



- **Large Addressable Market:** The company targets a significant portion of the "middle India" population, including credit-active and credit-worthy individuals.
- **Financial Inclusion:** By leveraging payment data and facilitating smaller loans, MobiKwik aims to improve financial inclusion for underserved segments.



- **Rapid Market Growth:** The digital financial product and services market is projected to grow at a CAGR of 21% from FY2023 to FY2028, reaching USD 2.5-3 billion.
- **Expanding Market Opportunity:** MobiKwik's addressable market is estimated to grow from USD 5.3 billion in FY2023 to USD 16-18 billion by FY2028.

Strengths

Empowering Journeys through Sustainable Experiences

- **Consumer Experience:** Focused on delivering value through innovative, technology-led products.
- **Product Flywheel Effect:** Products like **MobiKwik ZIP** boast a **93% repeat usage rate**, indicating a strong consumer lifecycle engagement.
- **Profitability Reinforcement:** Repeat usage improves platform profitability, enabling further innovation.

Expanding Consumer Base with Low Acquisition Costs

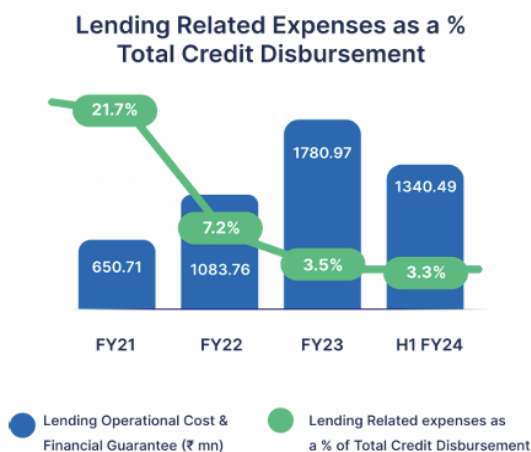
- **Growth Metrics:**

Recommendation: **AVOID**

- Registered users grew at a **CAGR of 17.47%** from **101.37 million (March 2021)** to **139.89 million (March 2023)**.
- By **September 30, 2023**, this number increased to **146.94 million**.
- Acquisition Efficiency:**
 - CAC (Cost of Acquiring Customers): **₹20.30** in **FY23**, and **₹31.29** for the **first half of FY24**.
 - Acquisition channels include SEO, ASO, user referrals, brand recall, POS placement, and BBPS platform usage.
- Engagement Incentives:** SuperCash loyalty rewards, discounts, and platform convenience promote retention.

Operational Efficiency in Digital Credit

- Cost Optimization:** Lending-related expenses have been declining consistently.
- Growth in Disbursement:** Achieved substantial credit disbursement growth, supported by robust risk management frameworks.
- Partner Confidence:** Lower operational risks have led to **larger credit limits** from lending partners.
- Sustainable Lending Practices:** Balancing credit risk mitigation with increased lending volume showcases scalability.



Strong Brand Trust and Consumer Confidence

- Wide Brand Recall:** Recognized as a leading digital payments platform, offering e-commerce, retail, and bill payment solutions.
- Wealth-Tech Leadership:**
 - The **Xtra product** saw rapid adoption, reaching **₹13,319 million in AUM** by **September 30, 2023**, within just **18 months** of launch.
 - Highlights consumer trust in the MobiKwik brand.

Technology and Innovation

- Advanced Infrastructure:**
 - Cloud-hosted platforms with event-driven architecture and large data pipelines for seamless operations.
 - Capable of processing **terabytes of transactional, financial, and external data** for analysis and reporting.
- Data-Driven Decision-Making:**
 - Utilizes machine learning models leveraging decision trees, regression techniques, clustering, and neural networks.
 - Applications include payment optimization, personalized consumer experiences, and credit risk prediction.
- Innovative Products:**
 - Lens:** Built on account aggregator technology, helping users manage finances comprehensively. Future plans include AI-driven personalized product recommendations.
- Agile Product Development:**
 - Rapid product rollouts through close collaboration between engineering, data science, and design teams.

Strategies

Scaling Existing Products

- Consumer Acquisition Efficiency:** Targeting larger revenue pools while controlling CAC through optimized marketing and data insights.
- Responsible Scaling:** Emphasizes maintaining low non-performing assets (NPAs) in digital credit products.
- Sustainability and Profitability:** Aligns growth initiatives with long-term financial health.

Expanding Product Portfolio

Recommendation: **AVOID**

- **Targeting New Revenue Streams:** Leveraging learnings in credit and payments to diversify offerings across wealth-tech and insurance segments.
- **In-Development Products:**
 - **Payments:**
 - Soundbox and POS/EDC machines for merchant acquisition and recurring revenue streams.
 - Credit via UPI with RuPay cards to extend access to credit rails.
 - **Digital Credit:**
 - Merchant Cash Advances (MCA): First effort to monetize the merchant network while boosting retention.
 - Consumer Durable Loans: End-use-controlled, affordable credit for durable purchases.
 - **Wealth-Tech:**
 - Lens: A personal financial manager integrating AI for product recommendations.

Scaling the Payment Aggregator Business

- **Zaakpay Relaunch:** Following RBI's in-principal approval for the Payment Aggregator license:
 - FY22 GMV: **₹43,000 million**, significantly reduced post-license rejection.
 - New focus on merchant onboarding and expanding into untapped offline markets.
- **Enhanced Merchant Experience:** Comprehensive payments solutions for seamless transactions.

Technological Edge

- **In-House Development:** Proprietary technology stack ensures rapid innovation.
- **Machine Learning Applications:** Powers risk management, product personalization, and operational efficiency.
- **Focus on Innovation:** Drives user retention, high engagement, and market differentiation.

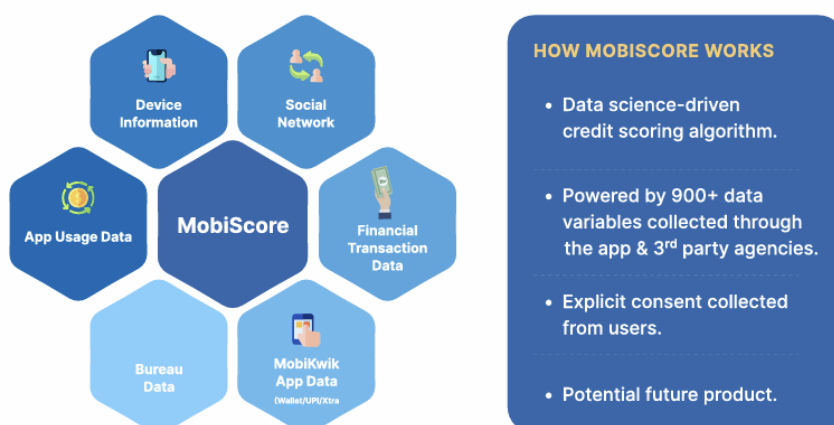
Risk Management

The company's risk management framework is overseen by a Risk Management Committee comprising independent directors and senior management. This framework includes advanced underwriting processes that evaluate consumers using MobiScore, an in-house machine-learning-based risk scorecard with over 900 variables. It also incorporates models like the Behaviour Model, which uses machine learning to generate early warning signals and manage credit risks. Face Recognition and Matching Algorithm (FRAM) further enhances fraud prevention. Regular validation by lending partners ensures model accuracy, and governance helps preempt costly issues.

Machine Learning-Based Models

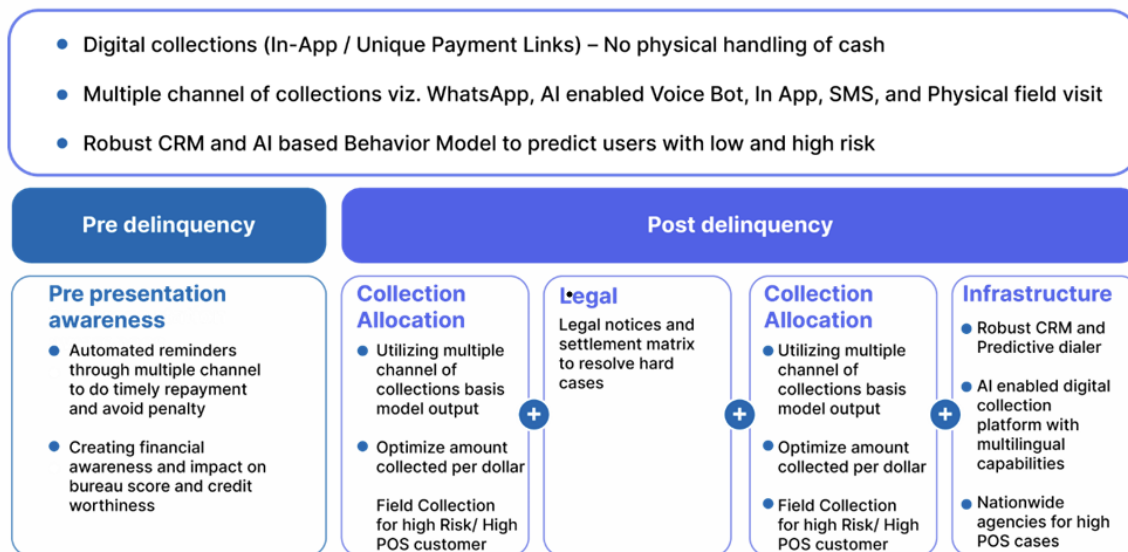
- **MobiScore:** A credit scoring model using diverse consumer data, such as spending patterns, device information, and location history, with explicit consumer consent.
- **Behaviour Model:** Predicts defaults by analyzing repayment history, transaction data, and credit utilization.
- **FRAM:** Combines deep learning algorithms for secure authentication.

Proprietary credit risk algorithm 'MobiScore'



Collections

Self Serve and Digital Collections



The company's collections strategy combines AI-driven digital methods and physical collection efforts, supported by 35 in-house employees and a network of third-party agencies. Key components include:

- **Multiple repayment options:** Consumers can repay dues via wallet, net banking, UPI, and debit card.
- **Contactability and Identity:** Comprehensive consumer data, including geolocation, credit bureau information, and photographs, is collected for effective communication during disbursement and repayment.
- **Machine Learning:** Behaviour Model segments consumers into risk buckets using over 50 variables like payment patterns, outstanding amounts, and responsiveness.
- **Robust CRM:** A state-of-the-art CRM platform enables predictive calling automation, lead management, and advanced analytics to optimize agent productivity.
- **AI-enabled BOT calling:** Automated processes triggered by specific events reduce human intervention and improve efficiency.

These mechanisms, coupled with early warning systems and personalized notifications, ensure low collection costs and high repayment rates.

Risk Factors –

The company has historically incurred losses, including ₹1,281.62 million and ₹838.14 million in FY2022 and FY2023, respectively. While FY2024 saw a profit of ₹140.79 million, the three months ended June 30, 2024, resulted in a loss of ₹66.15 million. As of March 31, 2022, 2023, 2024, and June 30, 2024, the company had negative retained earnings of ₹9,927.79 million, ₹10,767.35 million, ₹10,627.16 million, and ₹10,696.78 million, respectively.

These losses stem from significant investments in business growth, customer acquisition, platform development, and marketing expenses. The company's two-step product launch process, coupled with a focus on customer and merchant service, further contributes to increased expenditure. Additionally, lending operational and financial guarantee expenses may fluctuate, and efficiency improvements may not fully offset cost increases. These factors could hinder future profitability.

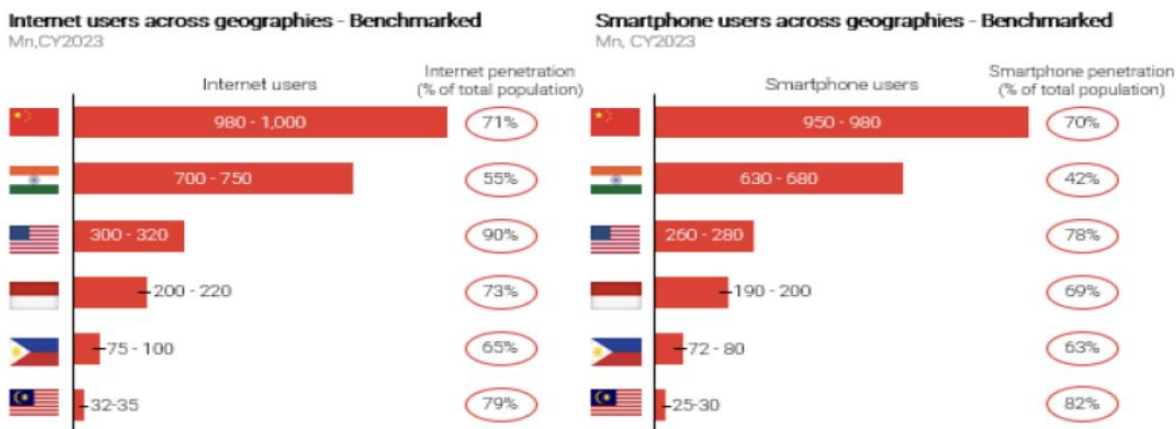
The company's EPS and RoNW were negative in FY2022, FY2023, and the three months ended June 30, 2024, due to incurred losses. While FY2024 saw positive EPS and RoNW, future performance may not sustain these positive trends.

The company faces various legal proceedings, including criminal, tax, and civil cases, involving significant amounts. Adverse outcomes could impact the company's reputation, financials, and operations. For instance, tax disputes involve disallowances of ₹243.48 million and ₹1,109.86 million.

Company had negative cashflows in FY 22 and FY 24.

Industry Overview- Infrastructure

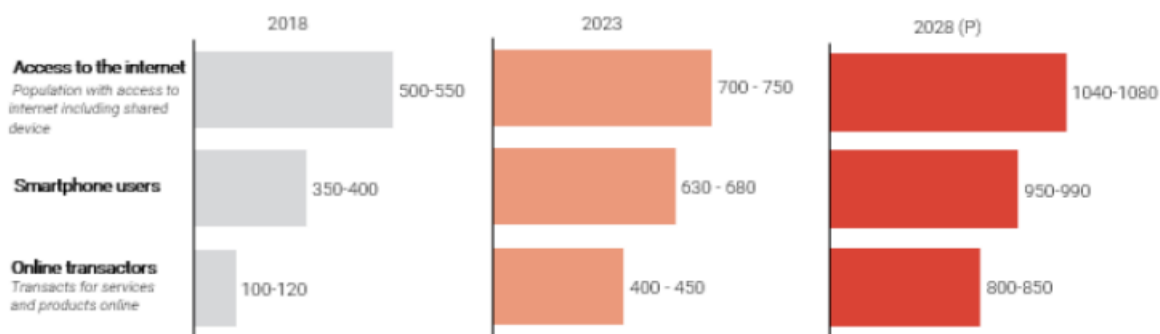
India’s Consumer Internet Economy is Expected Cross USD 600 Bn by 2028, More Than Four Times its Current Value Since 2000, a large part of India has skipped the traditional fixed line phones and embraced mobile phones. 90% of all phone connections were fixed line in 2000, while currently 90% of all phone 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.

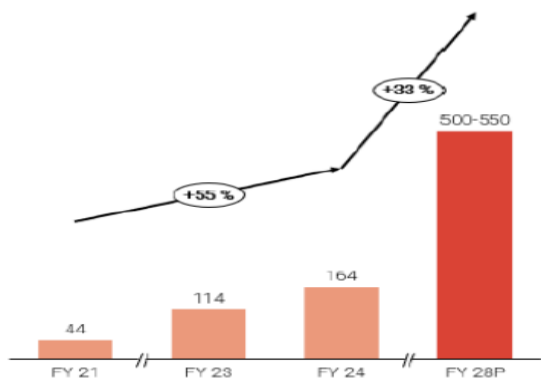
Internet user funnel- India
Mn, CY 2018, 2023, 2028P



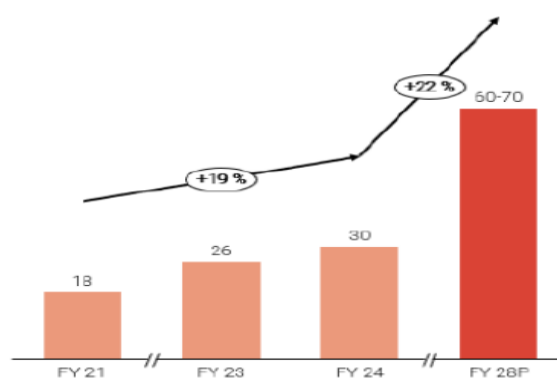
Digital transaction value is poised to reach USD 60-70 Tn by FY28

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.

Volume of digital transactions
Bn, FY21-24 & 28P



Value of digital transactions
USD Tn, FY21-24 & 28P



Recommendation: **AVOID**

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 disbursals are projected to more than double in next 5 years

India’s retail loans landscape has shown growth trajectory from FY21, with total disbursals 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 factors fuelling the growth of retail loans in India. Firstly, the rising middle class and their increasing disposable income have fuelled 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.

Peer Comparison

Particulars	One Mobikwik Systems Limited			Paytm		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	-24.3%	-15.5%	1.6%	-45.5%	-21.1%	-13.5%
EBITDA Margin	-25.1%	-14.4%	2.5%	-39.8%	-14.7%	-6.0%
RoCE	-59.7%	-45.8%	8.1%	-16.0%	-12.8%	-10.0%
ROE	-59.2%	-58.7%	8.7%	-16.9%	-13.7%	-10.7%
EPS (INR)	-23.04	-14.66	2.38	-67.50	-27.70	-22.32
P/E	-	-	-	-	-	-

Key Management -

Key Management Persons Name -	Bipin Preet Singh
Age	45
Designation	Promoter, CEO, and Managing Director (Co-founder)
Qualification	BTech in electrical engineering from IIT Delhi
Previous experience & Associations	Experience in the semiconductor and fintech industries; worked with Freescale Semiconductors Limited, as design engineer, NVIDIA Graphics Private Limited as systems architect and Intel Technology India Private Limited as component design engineer.
Other Directorships	<i>Indian Companies</i> 1. Zaak ePayment Services Private Limited 2. MobiKwik Investment Adviser Private Limited (Formerly Harvest Fintech Private Limited) <i>Other Institutions</i> 1. Trustee & Beneficiary in Koshur Family Trust 2. Settlor & Trustee in Narinder Singh Family Trust

Key Management Persons Name -	Upasana Rupkrishan Taku
Age	44
Designation and experience	Promoter, Executive Director, Chairperson and CFO
Qualification	Master's degree of science in management science and engineering from Leland Stanford Junior University.
Previous experience & Associations	Previously associated with PayPal Inc. as product manager and HSBC Auto Finance as business analyst.
Other Directorships	<i>Indian Companies</i> 1. Zaak ePayment Services Private Limited 2. MobiKwik Investment Adviser Private Limited (Formerly Harvest Fintech Private Limited) <i>Other Institutions</i> 1. Trustee & Beneficiary in Koshur Family Trust 2. Settlor & Trustee in Narinder Singh Family Trust

Punita Kumar Sinha, an Independent Director, holds a Ph.D. and Master's in Finance from Wharton School, an MBA from Drexel University, and a Chemical Engineering degree from IIT Delhi. A CFA charter holder and recipient of IIT Delhi's Distinguished Alumni Award, she has over three decades of experience in investment management and governance. Previously, she was Senior Managing Director at Blackstone and served as an Independent Director for Infosys and JSW Steel. She has chaired the CFA Institute's Investment Committee and continues to serve on several boards.

Sayali Karanjkar, an Independent Director, holds a Bachelor's in Computing from the National University of Singapore and an MBA from the Kellogg School of Management. She co-founded PaySense, later acquired by PayU, showcasing her expertise in fintech and management consulting. With experience at A.T. Kearney, she has been instrumental in driving growth in the technology sector.

Navdeep Singh Suri, an Independent Director, has extensive diplomatic experience, having served as India's Ambassador to Egypt, UAE, and High Commissioner to Australia. He holds a Master's in Economics from Guru Nanak Dev University and completed the Arabic Language Program at the American University in Cairo. Currently a Distinguished Fellow at the Observer Research Foundation, he is also a Non-Executive Director at Hindustan Ports.

Raghu Ram Hiremagalur Venkatesh, an Independent Director, holds a Bachelor's in Electronics and Communication Engineering from Bangalore University and a Master's in Computer Science from Arizona State University. Currently CTO and VP of Engineering at LinkedIn, he has over two decades of experience in technology, including a stint at PayPal.

Recommendation: **AVOID**

Vineet Bansal, a Non-Executive, Non-Independent Director, is a dual-degree holder in Chemical Engineering from IIT Bombay and earned a Master's in Science from Bernard M. Baruch College, CUNY. He is the Promoter Director of OnGrid and previously worked as an analyst at BlueCrest USA GP, LLC.

FINANCIAL SNAPSHOT

Statement of Profit and Loss				Amt in Crores.
Particulars	FY 22	FY 23	FY 24	Aug-24
Revenue from Operations	526.565	539.467	875.003	342.267
Other Income	16.654	21.649	15.312	3.562
Total Income	8,115.46	13,504.85	29,181.12	21,232.86
Expenses				
Payment gateway cost	227.675	156.652	201.716	127.615
Lending operational expenses	17.607	68.504	270.255	92.361
Financial guarantee expenses	90.769	109.593	32.655	2.527
Employee benefits expense	107.246	98.225	115.974	39.19
Finance Cost	10.913	20.424	18.825	6.581
Depreciation and Amortization expense	2.099	4.282	4.315	1.996
Other Expenses	215.328	184.062	232.495	81.906
Total Expenses	671.64	641.74	876.24	352.18
EBITDA	-132.06	-77.57	21.91	-1.33
EBITDA Margin	-25.08%	-14.38%	2.50%	-0.39%
Profit/(Loss) before tax	-128.42	-80.63	14.08	-6.35
Tax Expense				
Current tax	0.216	0.073	0.001	0.268
Deferred Tax	-0.472	3.115	-	-
Total Tax	-0.26	3.19	0.00	0.27
Profit/(Loss) for the year	-128.16	-83.81	14.08	-6.61
Net Profit Margin	-23.59%	-14.94%	1.58%	-1.91%

Statement of Assets and Liabilities				Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24	Aug-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	11.438	11.438	11.438	11.438
Reserves and surplus	205.104	131.256	151.151	147.21
Total Equity	819.44	1,515.22	3,720.04	6,617.24
2. Non-current liabilities				
Financial Liabilities	-	22.496	42.349	30.897
(i) Borrowings	5.954	11.378	9.159	9.476
(ii) Lease Liabilities	0.035	0.035	0.035	0.035
Provisions	2.028	2.204	2.516	3.099
Total Non-current liabilities	8.02	36.11	54.06	43.51
3. Current liabilities				
(i) Borrowings	150.914	169.777	169.35	175.439
(ii) Lease Liabilities	0.847	1.919	2.219	2.8
(iii) Trade Payables	-	-	-	-
(a) Outstanding Dues to MSME	5.513	9.426	9.435	4.203
(b) Outstanding Dues to other than MSME	69.281	108.407	217.633	227.75
(iv) Other Financial Liabilities	372.504	229.962	223.413	281.721
Other current liabilities	10.606	13.876	13.176	11.018
Provisions	1.906	2.16	2.776	3.015
Total Current liabilities	611.57	535.53	638.00	705.95

Particulars	FY 22	FY 23	FY 24	Aug-24
Total Liabilities	619.59	571.64	692.06	749.45
Total Equity and Liabilities	836.13	714.33	854.65	908.10

ASSETS**1. Non-current assets**

Property, Plant and Equipment	2.645	2.116	5.965	10.29
Right-to-use assets	6.653	12.421	9.866	10.701
Financial Assets				
(i) Investments	1.037	1.621	4.605	4.605
(ii) Trade Receivables	4.179	1.766	2.524	2.546
Deferred Tax Assets (net)	3.115	-	-	-
Non-current Tax Assets	23.014	11.729	29.107	23.721
Other non-current assets	136.093	133.949	112.436	112.436
Total Non-Current assets	176.74	163.60	164.50	164.30

2. Current assets

(i) Trade receivables	29.439	75.853	81.089	109.196
(ii) Cash and cash equivalents	47.749	93.678	92.853	80.904
(iii) Bank balances other than (ii)	336.405	268.015	294.635	325.084
(iii) Other financial assets	226.665	83.59	175.187	184.322
Other Current Assets	19.136	29.596	46.383	44.296
Total Current assets	659.39	550.73	690.15	743.80
Total Assets	836.13	714.33	854.65	908.10

Cash Flow Statement

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Aug 24
Net Cash Flow from Operating Activities	-1,020.34	258.64	-1,025.03	34.32
Net Cash Flow from Investing Activities	674.68	-702.69	-1,596.41	2,045.55
Net Cash Flow from Financing Activities	316.03	448.98	2,651.45	-761.97

Key Ratios

<u>Per Share Data</u>	FY 22	FY 23	FY 24	Aug 24
Diluted EPS	-23.04	-14.66	2.38	-1.70
BV per share	37.87	24.95	28.43	126.61
<u>Operating Ratios</u>				
EBITDA Margins	-25.08%	-14.38%	2.50%	-0.39%
PAT Margins	-23.59%	-14.94%	1.58%	-1.91%
Debtor days	20.41	51.32	33.83	58.38
<u>Return Ratios</u>				
RoCE	-59.74%	-45.78%	8.12%	-1.64%
RoE	-59.19%	-58.74%	8.66%	-1.83%

<u>Valuation Ratios (x)</u>	FY 22	FY 23	FY 24	Aug 24
EV/EBITDA	0.08	0.49	-2.12	-65.81
Market Cap / Sales	4.12	4.02	2.48	3.17
P/E	-12.11	-19.03	117.23	-163.83
Price to Book Value	7.37	11.18	9.81	2.20
<u>Solvency Ratios</u>				
Debt / Equity	0.72	1.27	1.10	-0.20
Current Ratio	1.08	1.03	1.08	1.05
Quick Ratio	1.08	1.03	1.08	1.05
Asset Turnover	0.63	0.76	1.02	0.38
Interest Coverage Ratio	-12.29	-4.01	0.93	-0.51

LEAD MANAGER TRACK RECORD –

The lead manager to the issue is Dam Capital Advisors Ltd and SBI Capital Markets Limited.

A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

Dam Capital Advisors Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Suraksha Diagnostic Limited	846.25	441.00	Dec 06, 2024	417.55
2.	Afcons Infrastructure Limited	5430.00	463.00	Nov 04, 2024	524.60
3.	Godavari Biorefineries Limited	554.75	352.00	Oct 30, 2024	369.75
4.	Waaree Energies Limited	4321.44	1,503.00	Oct 28, 2024	3,174.05
5.	Bajaj Housing Finance Limited	6560.00	70.00	Sep 16, 2024	141.40

The company has handled 29 mandates in the past three years (including the current year).

In the past three years, 10 mandates have opened at a discount and remaining all have opened at a premium on the listing day.

SBI Capital Markets Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Afcons Infrastructure Limited	5430.00	463.00	Nov 04, 2024	524.60
2.	Bansal Wire Industries Limited	745.00	256.00	Jul 10, 2024	474.35
3.	Le Travenues Technology Ltd	740.10	93.00	Jun 18, 2024	156.85
4.	Entero Healthcare Solutions Limited	1600.00	1,258.00	Feb 16, 2024	1,462.90
5.	Capital Small Finance Bank Limited	523.07	468.00	Feb 14, 2024	278.10

The company has handled 16 mandates in the past three years (including the current year).

In the past three years, 7 mandates have opened at a discount and remaining all have opened at a premium on the listing day.

*CMP for the above-mentioned companies is taken as of 12th Dec 2024.

Recommendation: **AVOID****Recommendation -**

MobiKwik, operating in the dynamic digital payments industry, presents a dual-faceted investment profile marked by growth potential and inherent risks. The industry itself is highly volatile, influenced by regulatory shifts and intensifying competition. The growth of digital financial services in India, projected to expand from \$996 billion in FY23 to \$2.5-3 trillion by FY28, supports the sector's long-term promise.

Key Risks and Observations:

Regulatory Environment: Regulatory uncertainty, as evidenced by past disruptions like changes in data storage norms or fee caps, can significantly impact operational stability and profitability

Competitive Pressure: MobiKwik faces stiff competition from dominant players like Paytm, which boasts a larger user base and broader merchant penetration. Lack of entry barriers exacerbates competitive risks, making market share retention challenging

Profitability Milestone: While MobiKwik recently turned profitable, its sustainability remains critical, especially under high customer acquisition costs and thin transaction margins.

Management and Strategy: The company's leadership emphasizes aggressive revenue targets and expansion into underserved markets, reflecting robust intent. However, scaling such strategies in a competitive landscape demands consistent execution

Performance Indicators: The increase in unique merchant transactions—from 20,671 in 2022 to 32,898 in 2024—demonstrates momentum, yet consistent performance tracking is essential for investor confidence. While MobiKwik benefits from the rising adoption of digital financial products, careful monitoring of market dynamics, profitability sustainability, and execution against its strategic goals is critical for long-term success.

Industry and Conclusion

Thus, investors can **AVOID** this IPO for the time being.

Disclaimer

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The analysis and recommendations are based on the current market and company-specific scenario, along with the data available in the prospectus. Market and company-specific conditions may change after the company's listing, potentially impacting its performance and outlook. We will not be providing any follow-up reports or updates on this analysis post-listing.

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