



Press Release

Finwizard Technology Private Limited (FTPL)

July 11, 2023

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
<u>Short Term Facilities</u> Proposed Commercial Paper	20.00	IVR A3 (IVR A Three)	Assigned	Simple
Total	20.00			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the commercial paper facility of Finwizard Technology Private Limited (FTPL) derive comfort from experienced promoters and management, marquee investors and viable technology-based business model. However, these rating strengths remain constrained by small scale of operations coupled with net losses, susceptibility to uncertainties inherent in the capital market business and intense competition.

Key Rating Sensitivities:

Upward Factors

- Substantial improvement in the scale of operations and profitability

Downward Factors

- Substantial decline in trading volumes and profitability.
- Deterioration in net-worth and liquidity profile of the company.
- Changes in the regulatory environment.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Promoters and Management

Founders of FTPL are Mr. Subramanya Venkat Sumukh (Subu) and Mr. Anand Dalmia. Prior to co-founding fisdom, Subu was Managing Director at Bessemer Venture Partners, a global venture capital firm. At Beseemer, he led the firm's technology investment activities in India. He has served on the boards of Snapdeal, Bharat matrimony, TaxiForSure, Nephroplus



Press Release

and many others. Subu holds an MBA from IIM Ahmedabad and Bachelor's degree in engineering from Mysore University.

Mr. Anand Dalmia is an entrepreneur and an experienced investment banker. Anand is Co-founder and CBO of fisdom,. Till August 2015, he was a Senior Vice President at Macquarie Capital in India. Mr. Anand holds an MBA from IIM Lucknow.

Marquee Investors

FTPL is strongly supported by marquee investors who have played a crucial role in its growth and success. These investors have consistently provided strategic guidance, financial backing, and industry expertise to propel Fisdom's expansion in the financial services sector. One of the notable investors backing FTPL is Payu Fintech Investments B.V., a global fintech company specializing in online payments and financial services. Saama Capital, another key investor in FTPL, is a venture capital firm known for supporting early-stage and growth-stage companies.

Viable Technology-Based Business Model

FTPL caters to investors looking to invest in financial products including mutual funds, insurance, pension funds, digital gold and stock broking through its mobile app "Fisdom". In 2016, FTPL started with just one product – Mutual Funds. FTPL was the first company in India to completely digitize account opening and KYC process. Also, FTPL is the first company in India to introduce the use of a payment gateway to process mutual fund transactions on the BSE platform.

Later company was able to convince large banks to work with them to help their customers access investment solutions right within their mobile banking apps and in the branches. Today, FTPL work with ~15 national and regional banks where they run their wealth-tech business. Fisdom has strategically developed an extensive distribution network through banks, initially targeting smaller institutions and gradually proving to larger ones.

Key Rating Weaknesses

Small scale of operations coupled with net losses

FTPL's scale of operation continues to be small as reflected by total operating income of Rs. 57.02 crore in FY2023. However, it has improved from Rs.20.17 crore in FY22. EBITDA & PAT losses has decreased in FY23 to Rs.-66.60 crore & -65.90 crore respectively from Rs.-



Press Release

106.84 crore and Rs.-105.67 crore respectively in FY22 on account of increase in volume of business.

Susceptibility to uncertainties inherent in the capital market business

FTPL engaged in the stock broking business and the stock market is volatile in nature, Market index like Sensex and Nifty goes up and down throughout the day and the company's operating performance is linked to the capital markets, which are inherently volatile as they are driven by economic and political factors as well as investor sentiments.

Intense Competition

Mutual Fund & Broking is a highly volatile and cyclical business with the presence of many established players who provide significant competition to the other fragmented and small players. The competition from large and established players and technology-focused new entrants is expected to continue to impact the revenue profile of players. This limits the profitability margins of the industry.

Analytical Approach: Standalone Approach

Applicable Criteria:

[Rating Methodology for Service Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria on Rating Outlook](#)

Liquidity – Adequate

Liquidity profile of the company is adequate marked by no repayment obligation. Further company has healthy cash & bank balance.

About the Company

Finwizard Technology Private Limited (FTPL) incorporated in 2015, Bangalore based startup is engaged in the business of financial planning and distribution of financial products (Such as Mutual Funds, Shares, Insurance, Gold) delivered through mobile app “**Fisd**om”. FTPL partners with PSUs and Private Banks by providing open architecture-based technology



Press Release

solutions. FTPL integrates with the bank's mobile app through ready SDKs for deeper entrenchment within the bank ecosystem.

Financials (Standalone):

For the year ended/ As on*	INR in Crore	
	31-03-2022 (Audited)	31-03-2023 (Provisional)
Total Operating Income	20.17	57.02
EBITDA	-106.84	-66.80
PAT	-105.67	-65.90
Total Debt	7.17	2.93
Tangible Networth	14.64	67.48
EBITDA Margin (%)	-529.70	-117.15
PAT Margin (%)	-472.58	-110.31
Overall Gearing Ratio (x)	0.49	0.04

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Proposed Commercial Paper	Short Term	20.00	IVR A3	-	-	-

Name and Contact Details of the Rating Analyst:

Name: Mr. Hardik Gala	Name: Mr. Prakash Kabra
Tel: (022) 62396023	Tel: (022) 62396023
Email: hardik.gala@infomerics.com	Email: prakash.kabra@infomerics.com



Press Release

About Infomerics:

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Proposed Commercial Paper	-	-	-	20.00	IVR A3



Press Release

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details: Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

