



Press Release

Finwizard Technology Private Limited (FTPL)

Nov 26, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Short Term Facilities - Commercial Paper	20.00	IVR A4+ (IVR A Four Plus)	IVR A4+ / RWDI (IVR A Four Plus with Rating Watch with Developing Implications)	Removed from rating watch with developing implications	Simple
Total	20.00 (Rupees Twenty Crore only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale:

The resolution of the "rating watch with developing implications" reflects Infomerics Ratings assessment that the financial and credit profile of FTPL will not be significantly impacted by the Show Cause Notice issued by SEBI regarding its association with "Tradetron." This is due to Infomerics Ratings expectation that the penalty amount will likely be significantly lower than initially anticipated.

The ratings continue to derive strength from experienced promoters and management, marque investors, viable technology-based business model. The ratings are however 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
- Continued lowering of cash burn and sustained profit generation.



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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 and Mr. Anand Dalmia. Prior to co-founding Fisdom, Mr. Sumukh was Managing Director at Bessemer Venture Partners, a global venture capital firm. At Bessemer, he led the firm's technology investment activities in India. He has served on the boards of Snapdeal, Bharat matrimony, TaxiForSure, Nephroplus and many others. Mr. Sumukh holds MBA degree 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.



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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 "Fisdome". 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 the 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 works with ~15 national and regional banks where they run their wealth-tech business. Fisdome has strategically developed an extensive distribution network through banks, initially targeting smaller institutions and gradually proving to larger ones.

Key Rating Weaknesses

Small scale operations coupled with net losses

FTPL's scale of operations remained small reflected by revenue of Rs.69.4 crore during FY24 (period refers to 01st April 2023 to 31st March 2024) (FY23: Rs.56.64 crore). FTPL continues to incur losses at EBITDA and PAT levels during FY24 and FY23. Ability to turn around the operations will be a key monitorable.

Susceptibility to uncertainties inherent in the capital market business

FTPL is 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



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entrants is expected to continue to impact the revenue profile of players. This limits the profitability margins of the industry.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Service Sector Companies](#)

[Financial Ratios & Interpretation: Non-Financial Entities](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity –Adequate

Liquidity profile of the company is adequate marked by no term loan repayment obligation. Further the FTPL has healthy cash & bank balance of Rs. 14.04 crore as on March 31, 2024.

About the Company:

FTPL was 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 “**Fisdor**”. FTPL partners with PSUs and Private Banks by providing open architecture-based technology 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*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	56.64	69.40
EBITDA	-65.23	-55.11
PAT	-66.94	-57.71
Total Debt	2.93	23.97
Tangible Net Worth	88.60	80.75
EBITDA Margin (%)	NM	NM
PAT Margin (%)	NM	NM



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Overall Gearing Ratio (x)	0.03	0.30
Interest Coverage (x)	NM	NM

* Classification as per Infomerics' standards.

** NM: Not Meaningful since company is into losses

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024 -25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024 - 25	Date(s) & Rating(s) assigned in 2023 -24	Date(s) & Rating(s) assigned in 2023 -24
				Nov 26, 2024	Oct 15, 2024	Feb 15, 2024	July 11, 2023
1.	Short Term Facilities - Commercial Paper	Long Term	20.00	IVR A4+	IVR A4+ / RWDI	IVR A3	IVR A3

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.



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

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please 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 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: Instrument/Facility Details:

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Commercial Paper	--	--	--	--	20.00	IVR A4+

Annexure 2: Facility wise lender details: Not Applicable

Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

- This Agreement is limited and restricted to the issue of CPS by the Issuer in accordance with the Directions and Operational Guidelines on CPs;
- That the Issuer shall not extend the tenure of any CPS on their maturity, unless the same is affected by way of a fresh issuance of CPs;
- The Issuer agrees to furnish copies of its quarterly Financial Statement, copies of its Annual Balance Sheet and Profit and Loss Account together with the Abridged versions thereof as required under law and further to respond fully and promptly to all reasonable requests for information concerning the Issuer and its operations made



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from time to time by the IPA, under this Agreement and shall not use it in any manner to make profit for itself;

- d. The Issuer agrees to indemnify and keep the IPA indemnified and kept harmless from and against all liabilities, claims, damages, costs and expenses (including legal fees and expenses) relating to or arising out of or based upon any untrue statement or misrepresentation made by the Issuer on the basis of which the IPA was induced to act in the matter of issue of CPs by the Issuer and/or any action or omission under this Agreement so long as they are not caused by the gross negligence or willful misconduct of the IPA and its Officers and employees.
- e. The Issuer undertakes to inform the IPA of any changes made to the Credit Rating or of any other credit rating being issued or the Issuer or any of its obligations being put under rating watch. Such information and all the requisite details shall be conveyed to the IPA in writing and within 48 hours of the Issuer being made or becoming aware of the same.
- f. The Issuer undertakes to submit a certificate from the CEO/CFO/Topmost Executive of the entity to the concerned IPA on quarterly basis within 15 days from the close of the quarter certifying that CP proceeds are used for disclosed purposes, and certifying adherence to other conditions of the offer document and the CP directions.

Annexure 4: List of companies considered for consolidated/Combined analysis: 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.