

Press Release

FINWIZARD TECHNOLOGY PRIVATE LIMITED

August 28, 2024

Rating Assigned



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term
Commercial Paper (CP)	40.00	-	ACUITE A3+ Assigned
Total Outstanding Quantum (Rs. Cr)	40.00	-	-

Rating Rationale

Acuite has assigned the short term rating of 'ACUITE A3+ (read as ACUITE A three plus)' on the Rs 40 Cr. proposed commercial paper program of Finwizard Technology Private Limited (Fisdom).

Rationale for the rating:

The rating is on account of extensive experience of the promoters having over two decades of experience in various fields including Fintech, Digital payments and Consulting space. The rating further takes into consideration the innovative product/service offerings by Finwizard Technology Private Limited (Fisdom) which offers a suit of financial products and services including broking, tax filing services and mutual fund, insurance and other wealth management products. These offerings are made available through application programming language (API) based technological solutions. Fisdom has partnered with various banks to offer digital financial solutions and other value added services. The rating further takes into account resourceful investor base which have been supporting the Group with capital infusion at regular intervals. The Group has received capital infusions of Rs 357.92 Cr since its inception. Fisdom's investors comprises PayU Fintech Investments, AccionFrontier, Avid park India, Saama Capital, Alteria Capital, Quona Capital, and other Angel Investors. The rating is however constrained by the Group's continued losses at consolidated levels on account of high opex levels. However the Group reported PBT of Rs.0.49 Cr. as on Q1FY25 compared to the losses of Rs 14.65 Cr. in Q1FY24. The rating also takes into consideration the evolving landscape of the fintech and digital space which requires continuous focus and investment towards product development to sustain the competition. Accordingly, Fisdom is susceptible to competition from domestic as well as international IT service companies which can have bearing on the growth trajectory and earning profile in coming years. Acuite believes the ability of the Group to profitably scale up its portfolio while maintaining robustness of its technology platform/ security given the evolving nature of fintech model is also a monitorable.

About the Company

Finwizard Technology Private Limited was incorporated in 2015. The company runs by the brand Fisdom. Fisdom provides the use of a payment gateway to process mutual fund transactions on the BSE platform and digitise Pension funds (NPS). Over the years, they've added insurance, taxfiling, and stock broking. Recently, they also added an HNI wealth management business to serve the mass-affluent and affluent segment of customers. Subramanya Venkat Sumukh is the CEO and co-founder of Fisdom and Anand Dalmia is currently co-founder and CBO of Fisdom.

About the Group

Finwizard Technology Private Limited (Fisdom) is the flagship Company of Fisdom Group. The Group is engaged in providing various digital financial services and products through its

group companies Winiin Taxscope Pvt Ltd, Finwizard Technology Services Pvt Ltd and Finwizard Insurance Broking Pvt Ltd.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has taken a consolidated view on Finwizard Technology Private Limited (Fisdome) and its subsidiaries namely Winiin Taxscope Pvt Ltd, Finwizard Technology Services Pvt Ltd, Finwizard Insurance Broking Pvt Ltd. The consolidation is in view of the shared brand, common managerial team along with strong operational and financial synergies among the group companies.

Key Rating Drivers

Strength

Experienced promoter and support from resourceful investors:

Incorporated in 2015, Fisdome Group, was co-founded by Mr. Subramanya Venkat Sumukh and Mr. Anand Dalmia. Mr. Sumukh (CEO & WTD) was a partner at Bessemer Venture Partners (BVP), a global venture capital firm and Managing Director of India operations, prior to joining Fisdome. He has also served on the boards of TaxiForSure (acquired by Ola), Matrimony.com, Snapdeal, Nephroplus amongst others. Mr. Anand Dalmia (CBO & WTD) currently leads the business development efforts at Fisdome. He has more than a decade of experience in the investment banking space and has worked for firms like Macquarie, UBS and Avendus. Mr. Dalmia has worked on several transactions in M&A, Private Equity Syndication, Equity Capital Markets and Debt Financing and was also involved in investment banking business in the technology space in India. The founders and management (holds 34 percent shareholding as on March 31, 2024) has been able to bring on board institutional investors like PayU Fintech Investments (29.90 percent shareholding), Saama Capital (11.90 percent shareholding), Accion Frontier (13.20 percent shareholding) and others (11 percent as on March 31, 2024). The founders/promoters' experience in tech-driven companies will aid Fisdome in achieving its objective of providing financial digital services and products to mass and mass affluent households in Tier 2 cities and beyond. PayU, Accion Frontier and Saama Capital have board representation and Fisdome Group benefits from their expertise. Fisdome has been able to obtain funding from these investors and other angel investors to the tune of Rs 357.92 Cr through compulsory convertible cumulative preference capital through various rounds of funding since 2016. Acuité believes that the company's growth prospects will be supported by the promoter's extensive experience in the industry fortified by support from investors.

Innovative product offering with tie up with partners

Fisdome offers a suite of financial products and services including broking, tax filing services and mutual fund, insurance and other wealth management products. These offerings are made available through application programming language (API) based technological solutions.

Fisdome has partnered with various banks to offer digital financial solutions and other value added services. These product offerings cater the business-to-business-to-customer ('B2B2C') segment and the 'B2B' segment. The company benefits from an ecosystem-based approach across fintech which enables them to cross-sell products and services in partnership with other players in the operating ecosystems. This integrated product offering along with the experience of the management has helped the company to onboard banking partners.

Weakness

Weak Financial risk profile; albeit improving

Fisdom group has weak financial risk profile as characterized by losses made. On a consolidated level, Fisdom reported losses of Rs.57.41 Cr. for FY2024(Prov.) as compared to losses of Rs. 70.52 Cr. in FY2023. The Group reported a PBT of Rs. 0.49 Cr. as on Q1FY25 as compared to losses made of Rs 14.65 Cr in Q1FY24. The Group would be able to cut down its losses once it is able to achieve volumes in various product offerings and broking business. The Group's networth currently is being supported by capital infusion by investors which is also aiding them to scale up their operations.

Acuité believes, that moderate scale of operations coupled with weak financial risk profile will continue to weigh on the company's credit profile over the near to medium term.

Highly competitive nature of the IT industry

The global IT services industry is dominated by several large players and small niche technology players. Fisdom is susceptible to competition from domestic as well as international IT service companies which can have margin pressure. The industry is highly technology oriented which keeps on changing time to time. Thus, the Group has to keep upgrading the services it offers according to the needs of the clients and changes in the industry. However, the established relationship with clients and vendors, diversified sectorial presence and experienced management mitigates the risk to some extent. Further, the ability of the Group to manage industry specific risks such as wage inflation and employee attrition levels determine the Groups ability to sustain its business risk profile and will remain a key rating sensitivity. Besides, competition, Fisdom will be susceptible to any changes in the regulatory framework as well.

Acuité believes, that moderate scale of operations coupled with geographic concentration in its portfolio will continue to weigh on the company's credit profile over the near to medium term.

Rating Sensitivity

- Sustained scale up in business volumes
- Continued funding support from promoters/investors as well as capital raising ability
- Movement in earning profile
- Changes in regulatory environment

Liquidity Position

Adequate

Liquidity of the company is adequate as the company has no near term debt obligation. The company has maintained cash and bank balances and bank deposits of Rs. 20.98 Cr. as on March 31,2024(Provisionals).

Outlook:Not Applicable

Other Factors affecting Rating

None

Key Financials - Standalone / Originator

Particulars	Unit	FY24 (Provisionals)	FY23 (Actual)
Total Assets	Rs. Cr.	121.75	114.77
Total Income*	Rs. Cr.	68.83	58.36
PAT	Rs. Cr.	(57.69)	(66.94)
Net Worth	Rs. Cr.	80.76	88.60
Return on Average Assets (RoAA)	(%)	(48.78)	(76.23)
Return on Average Net Worth (RoNW)	(%)	(68.13)	(107.45)
Debt/Equity	Times	0.30	0.03
Gross NPA	(%)	—	—
Net NPA	(%)	—	—

**Total income equals to Net Interest Income plus other income*

Key Financials (Consolidated)

Particulars	Unit	FY24 (Provisionals)	FY23 (Actual)
Total Assets	Rs. Cr.	119.07	105.96
Total Income*	Rs. Cr.	82.47	66.47
PAT	Rs. Cr.	(57.41)	(70.52)
Net Worth	Rs. Cr.	70.28	77.84
Return on Average Assets (RoAA)	(%)	(51.02)	(87.71)
Return on Average Net Worth (RoNW)	(%)	(77.52)	(132.23)
Debt/Equity	Times	0.34	0.04
Gross NPA	(%)	-	-
Net NPA	(%)	-	-

**Total income equals to Net Interest Income plus other income*

Status of non-cooperation with previous CRA (if applicable)

None

Any Other Information

None

Applicable Criteria

- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Commercial Paper: <https://www.acuite.in/view-rating-criteria-54.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History:Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not avl. / Not appl.	Proposed Commercial Paper Program	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	40.00	ACUITE A3+ Assigned

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr.No.	Company Name
1	Finwizard Technology Private Limited
2	Winiin Taxscope Private Limited
3	Finwizard Insurance Broking Private Limited
4	Finwizard Technology Services Private Limited

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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