

OnEMI Technology Solutions- IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
30 April 2026	5 May 2026	₹162 to ₹171	Apply

Investment Summary

OnEMI Technology Solutions Ltd offers exposure to India's rapidly expanding digital retail credit opportunity, supported by a scalable hybrid lending model and strong operating leverage. The company has demonstrated a healthy financial trajectory, with PAT increasing from ~₹28 crore in FY23 to ~₹161 crore in FY25, implying strong earnings scale-up, while operating profit (PPOP) has also seen sharp expansion over the same period. Margins remain robust, with NIM improving to ~23.8% in FY25, indicating superior yield profile compared to traditional NBFC peers. The company's ability to drive repeat customer engagement and monetize its existing base enhances unit economics and reduces incremental customer acquisition costs, supporting long-term profitability. Additionally, a diversified funding profile and access to multiple lending partners provide flexibility across credit cycles.

Company Overview

OnEMI Technology Solutions Ltd is a technology-led NBFC operating in India's fast-growing digital lending space, primarily catering to underserved mass-market consumers. The company offers unsecured personal loans through its digital platform Kissht, complemented by secured lending (loan against property) via its wholly owned subsidiary, Si Creva Capital Services. As of Dec'25, it has built a loan book of ~₹5,956 crore and serves ~28.7 lakh active customers, supported by a large, registered user base of ~6.4 crore. Its hybrid distribution model combines digital acquisition with offline merchant partnerships, enabling scalable customer onboarding. The company focuses on young, credit-new individuals within India's emerging middle class, leveraging data analytics and machine learning for underwriting and collections. Its diversified funding model and integrated credit lifecycle approach support sustainable growth and improving asset quality.

Business Model

OnEMI Technology Solutions Ltd operates a technology-driven, hybrid lending model that integrates digital sourcing, data-led underwriting, and diversified funding structures to serve retail borrowers across India. The company primarily originates unsecured personal loans through its proprietary digital platform, Kissht, which enables end-to-end customer onboarding, credit assessment, disbursement, and collections in a seamless manner. Customer acquisition is driven through a mix of digital channels such as search, social media, and affiliate networks, along with an offline-to-online (O2O) strategy wherein "credit QR" codes placed at merchant outlets help onboard customers onto the platform.

A key pillar of the business is its data-first underwriting framework, which leverages machine learning models across the credit lifecycle—from risk assessment to collections—allowing continuous improvement in borrower profiling and fraud detection. The company supports this infrastructure with a dedicated team of data scientists, enabling rapid model deployment and scalability. This tech-led approach facilitates lending to credit-new or thin-file customers, a segment traditionally underserved by formal financial institutions.

The company follows a dual lending structure comprising on-book and off-book loans. On-book lending is undertaken through its wholly owned subsidiary, Si Creva Capital Services (an RBI-registered NBFC), where loans are originated and retained on the balance sheet. Off-book lending is executed through partnerships with financial institutions under co-lending or sourcing arrangements, generating fee-based income while optimizing capital usage. As of Dec'25, this mix remains well balanced at ~51% on-book and ~49% off-book, enabling both scalability and capital efficiency.

In addition to unsecured personal loans (which form the majority of the portfolio), the company has expanded into secured lending via loan against property (LAP), offering longer tenure loans with higher ticket sizes through its branch network. This provides gradual diversification of the loan mix while maintaining focus on core digital lending. The

company also monetizes its platform through ancillary income streams such as sourcing fees, servicing income, and insurance commissions, enhancing overall yield per customer.

Industry Outlook

The outlook for India's retail credit market is witnessing strong structural growth, supported by rising consumption and increasing penetration of formal lending. As per the data presented in the report, overall systematic credit is expected to grow from ~₹242 trillion in FY25 to ~₹488 trillion by FY30, indicating a robust long-term expansion trajectory. Within this, retail credit is also projected to scale significantly (from ~₹35 trillion in FY20 to ~₹75 trillion by FY25), reflecting increasing demand from individual borrowers

The growth is being driven by improving digital infrastructure, wider access to financial services, and rising participation from NBFCs and fintech-led platforms. Digital lenders are particularly well positioned to capture this opportunity due to faster onboarding and ability to serve underpenetrated segments. Overall, the industry outlook remains favourable, with sustained credit demand and digital adoption acting as key growth enablers.

Investment Rationale

1. Strong play on underpenetrated retail credit market:

OnEMI operates in a structurally growing segment driven by increasing formalization of credit and rising demand from new-to-credit customers. Its focus on mass-market borrowers positions it well to benefit from this long-term opportunity. The company's ability to cater to underserved segments provides a large addressable market and sustained growth visibility.

2. Scalable, technology-driven underwriting model:

The company leverages a data-first architecture with machine learning integrated across underwriting, risk management, and collections. This enables better credit assessment, fraud detection, and continuous improvement in borrower profiling. Such a tech-enabled approach supports scalable growth while maintaining control over asset quality.

3. Balanced and capital-efficient lending structure:

OnEMI follows a mix of on-book and off-book lending, allowing it to optimize capital usage while expanding its loan book. The co-lending and partnership model enhances return ratios without proportionate balance sheet expansion. This structure supports scalability and reduces dependence on owned capital for growth.

4. Improving profitability and strong margin profile:

The company has demonstrated a sharp improvement in profitability, with PAT increasing significantly over FY23–FY25. It also reports relatively high NIM levels compared to peers, reflecting strong yield on its loan portfolio. Operating leverage and improving unit economics further support earnings scalability going forward.

5. High customer engagement driving repeat business:

A significant portion of the loan book is contributed by repeat customers, indicating strong customer stickiness and effective lifecycle management. This reduces incremental acquisition costs and improves profitability over time. The company's digital platform enables continuous engagement, supporting long-term customer value creation.

Key Risks

1. High exposure to unsecured lending portfolio:

A significant portion of the company's loan book is unsecured in nature (~94% of AUM), which inherently carries higher credit risk due to absence of collateral. Any deterioration in borrower repayment behavior or macro slowdown could lead to higher delinquencies and credit costs. This makes the business more sensitive to economic cycles compared to secured lenders.

**2. Dependence on partner ecosystem for revenue generation:**

The company derives a meaningful share of its revenue from sourcing and servicing partnerships with financial institutions. Any disruption in these relationships or unfavourable changes in partnership terms could impact revenue streams and growth. Over time, declining contribution from such fees also indicates increasing reliance on core lending performance.

3. Elevated contingent liabilities and subsidiary exposure:

The company has sizeable contingent liabilities (~₹1,793 crore), primarily in the form of corporate guarantees extended to its subsidiary. If these obligations crystallize, it could adversely affect financial stability and cash flows. Additionally, the subsidiary-led lending structure increases exposure to operational and regulatory risks at that level.

Financial Snapshot

(In Cr)

Metric	FY25	FY24	FY23
Revenue (₹ Cr)	1337	1674	984
EBITDA (₹ Cr)	403.37	358.96	97.71
Net Profit (₹ Cr)	160.62	197.29	27.67
EBITDA Margin (%)	30.17%	21.44%	9.93%
PAT Margin (%)	12.01%	11.79%	2.81%
EPS (Basic) (₹)	13.50	16.58	2.33

IPO Details and Use of Proceeds

Parameter	Details
Issuer	OnEMI Technology Solutions Ltd.
IPO Structure	Fresh Capital-cum-Offer for Sale
Issue Size	5,41,47,390 shares (agg. up to ₹926 Cr) Fresh Issue - 4,97,07,602 shares (agg. up to ₹850 Cr) Offer for Sale - 4,97,07,602 shares (agg. up to ₹850 Cr)
Price Band	₹162 to ₹171 per share
Face Value	₹1 per share
Post-Issue Market Cap	₹2,881.06 Cr. (Upper Band)
IPO Opening Date	April 30, 2025
IPO Closing Date	May 5, 2025
Listing	BSE & NSE
Promoter Holding (Pre/Post)	32.30%/23.33%
Book Running Lead Manager(s)	<ul style="list-style-type: none"> • Kotak Mahindra Bank • JM Financial Ltd. • HSBC & Capital Markets (India) Pvt. Ltd. • Nuvama Wealth Management Ltd. • SBI Capital Markets Ltd. • Centrum Capital Ltd.
Use of Proceeds	<ul style="list-style-type: none"> • Rs. 637.50 Cr - Augmenting the capital base of Subsidiary, Si Creva, to meet its future capital requirements arising out of the growth of Subsidiary, Si Crevas, business • General Corporate Purposes

Valuation and Recommendation

At an upper price band of **₹171** and **market capitalisation** of **₹2,881.06 crore**, OnEMI Technology Solutions Ltd is valued at around **2x P/BV**, which appears reasonable given its improving profitability, strong margin profile and scalable digital lending model. The company is a play on India's underpenetrated retail credit market, supported by rising formalisation of credit, new-to-credit borrowers and mass-market lending demand. Its technology-led underwriting, use of machine learning across risk management and collections, and hybrid on-book/off-book lending model provide comfort on scalability and capital efficiency. Asset quality also remains controlled, with GNPA at ~2.9% and NNPA at ~0.4% as of Dec'25, despite high exposure to unsecured lending. While risks around unsecured AUM, partner dependence and contingent liabilities remain, the company's strong NIM of ~23.8% in FY25, improving return profile and reasonable valuation support an **Apply** rating. We shall monitor the stock post listing, especially on asset quality and credit costs.



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