



Press Release

ACA IPL Investment & Financial Services Private Limited

November 22, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	41.72	IVR BBB /Stable (IVR Triple B with Stable Outlook)	-	Assigned	Simple
Proposed Bank Facilities	8.28	IVR BBB /Stable (IVR Triple B with Stable Outlook)	-	Assigned	Simple
Total	50.00 (Rs. Fifty Crore)				

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

Infomerics Ratings has assigned its rating to the Bank facilities of ACA IPL Investment & Financial Services Private Limited (AIFSP) based on strong parentage of Areion Group, moderate financial risk profile and experience of promoters. However, rating is constrained by modest albeit improving earnings profile and competitive nature of business.

Infomerics has consolidated financial and operational risk profile of AIFSP and Subsidiaries namely Areion asset management private limited (50.90% of ownership), Areion Credittech private limited (99.99% of ownership), Areion Finserve private Limited (87.56% of ownership) and Areion Insolvency and Bankruptcy services LLP (99.80% of ownership, together referred as a Aeron Group.

Infomerics Ratings expects outlook to remain stable on account of well-established group coupled with experienced promoters.



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Key Rating Sensitivities:

Upward Factors

- Overall improvement in revenue and profitability margins resulting in overall improvement in liquidity.

Downward Factors

- Sustained decline in revenue and profitability leading to deterioration in debt protection metrics and/or weakening of linkages with Areion Group.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Strong Parentage and linkages with the group company**

AIFSPL is part of Areion Group who have different businesses including Asset Reconstruction business through Omkar Asset Reconstruction Private Limited (OARC, IVR A/Stable). ACAIPL holds 6.92% in equity of OARC as well as invested in CCPS. Also, ACAIPL has also lend Rs.69 crore interest bearing unsecured loans and ACAIPL also generate rental income on its property from group entities. Also, AIFSPL provides consultancy solutions to the clients in distress space including OARC.

- **Modest, albeit strong operating profile**

Areion Group's total operating income saw a significant increase of approximately 236.60%, reaching Rs. 45.61 crore in FY24 (period refers to 01st April 2023 to 31st March 2024), compared to Rs. 13.55 crore in FY23, driven by higher customers additions. AIFSPL plays a key role within the Areion Group, contributing significantly to higher profitability among its subsidiaries. Profitability margins remained strong, with EBITDA and PAT margins stood at 77.33% and 18.56%, respectively, on a consolidated basis in FY24, compared to 59.22% and 7.03% respectively in FY23.

- **Strong Management**

Mr. K.C Jani, Director has experience of 4+ decades. He served as executive director at IDBI Bank Limited. Mr. D.K.Jain, CEO has previous experience in banking and ARCs. He served as Chief executive officer of Association of asset restructuring companies (ARC) for 3 years.



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The promoters have rich experience in the financial industry and are supported by team of experienced professionals.

Key Rating Weaknesses

- **Leveraged Capital Structure:**

Aerion Groups capital structure remained leveraged with overall gearing (total debt/adjusted tangible net worth(ATNW)) and TOL/ATNW stood at 11.63x and 12.25x respectively as on 31st March 2024 (31st March 2023:0.87x and 1.02x respectively). Areion group adjusted tangible net worth stood at Rs.25.48 crore at the end of 31st March 2024 (31st March 2023: Rs 57.89 crore) against book net worth of Rs. 132.9 crore at the end of 31st March 2024 (31st March 2023: Rs.101.06 crore) due to exposure to group company i.e. OARC. However, Infomerics derives comfort due to strong credit profile of OARC.

- **Competitive nature of business**

The highly competitive nature of the corporate finance sector poses a significant challenge for Areion group. The group faces intense pressure from both established financial institutions and emerging players, leading to increased competition in key areas such as M&A advisory, debt syndication, and capital markets.

This competitive environment has resulted in pricing pressures, which could impact AIFSPL's ability to maintain its profitability and market share.

While AIFSPL has managed to retain a solid client base and achieve revenue growth, ability of the company to differentiate itself in medium term and sustain is key monitorable.

Analytical Approach: Consolidated

Infomerics has consolidated financial and operational risk profile of AIFSPL and Subsidiaries namely Areion asset management private limited (50.90% of ownership), Areion Credittech private limited (99.99% of ownership), Areion Finserve private Limited (87.56% of ownership) and Areion Insolvency and Bankruptcy services LLP (99.80% of ownership, together referred as an Aerion Group.



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Applicable Criteria:

[Rating Methodology for Financial Institutions/NBFCs](#)

[Criteria for assigning Rating outlook.](#)

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

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

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

[Rating Criteria on Consolidation of Companies](#)

Liquidity – Adequate

Areion group is expected to maintain an adequate liquidity profile, as projected gross cash accruals for FY25-FY27 is estimated to be around ~Rs.70 crore which would comfortably cover its debt obligations in range of Rs. 5 to 6 crores per year. The cash and bank balance of group stood at Rs.25.34 crore as on March 31, 2024.

About the Company

AIFSPL is a boutique finance and investment advisory company offering end-to-end service to Corporate Clients, Banks, Non-Banking Financial Services, Asset Reconstruction Companies & Distressed Funds.

Financials (Consolidated):

For the year ended* / As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	13.55	45.61
EBITDA	8.02	35.41
PAT	0.95	8.47
Total Debt	50.39	299.9
Tangible Net worth	101.06	132.9
EBITDA Margin (%)	59.22	77.63
PAT Margin (%)	7.03	18.57
Overall Gearing Ratio (x)	0.50	2.25
Interest Coverage Ratio (x)	2.94	2.11

** Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Nil



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Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 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 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					-	-	-
1.	Long Term Bank Facilities	Long Term	41.72	IVR BBB/ Stable	-	-	-
2.	Proposed Bank Facilities	Long Term	8.28	IVR BBB/ Stable	-	-	-

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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.

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.



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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
Long Term Bank Facilities	-	-	-	September 2032	41.72	IVR BBB/Stable
Proposed Bank Facilities	-	-	-	-	8.28	IVR BBB/Stable

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-AIFSPL-22nov24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

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

Infomerics has consolidated financial and operational risk profile of AIFSPL and Subsidiaries namely Areion asset management private limited (50.90% of ownership), Areion Credittech private limited (99.99% of ownership), Areion Finserve private Limited (87.56% of ownership) and Areion Insolvency and Bankruptcy services LLP (99.80% of ownership, together referred as a Aerion Group.

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.