



Press Release

Akme Fintrade (India) Limited (AFIL)

December 26, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities – Term Loan	37.87 (Enhanced from Rs. 15.00 crore)	IVR BBB+ / Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB / Stable (IVR Triple B with Stable Outlook)	Upgraded	Simple
Long Term Fund Based Bank Facilities – Cash Credit	4.00 (Reduced from Rs. 47.36 Crore)	IVR BBB+ / Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB / Stable (IVR Triple B with Stable Outlook)	Upgraded	Simple
Long Term Proposed Fund Based Bank Facilities – Term Loan	68.13 (Enhanced from Rs. 47.64 Crore)	IVR BBB+ / Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB / Stable (IVR Triple B with Stable Outlook)	Upgraded	Simple
Long Term Fund Based Bank Facilities – Cash Credit	0.00*	--	IVR BBB / Stable (IVR Triple B with Stable Outlook)	Withdrawn	Simple
Total	110.00 (Rupees One Hundred and Ten Crores only)				

*Cash credit facility from AU small finance bank & Bank of Baroda that was rated in last surveillance exercise has been closed and NOC/NDC has been provided by client and the withdrawal of rating is in line with Infomerics Ratings policy on withdrawal.

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 upgraded the ratings assigned to the bank facilities of AFIL which continues to derive strength from healthy earnings profile, consistent growth in AUM levels, comfortable capitalisation levels, experienced promoters and management with established track record and robust risk management systems. The ratings are however partially constrained by average albeit improving asset quality, geographical concentration of the portfolio and intense competition & susceptibility to regulatory changes.



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Infomerics Ratings expects outlook to remain stable on back of growth in AUM levels driven by equity infusion from the IPO (Initial Public Offering) & issue of equity warrants in FY25 – FY26, improvement in overall profitability and asset quality and comfortable capitalisation levels.

Key Rating Sensitivities:

Upward Factors:

- Substantial and sustained scaling up in AUM above Rs. 1000 crore, by diversifying its loan portfolio geographically, while maintaining healthy asset quality, comfortable capital position, liquidity and profitability.

Downward Factors:

- Substantial deterioration in AUM impacting capital position, liquidity, and profitability.
- Adverse movements in collection efficiency impacting AFIL's asset quality

List of Key Rating Drivers with Detailed Description

Key Rating Strengths:

- **Healthy Earnings Profile:** AFIL's earnings profile remains healthy, with net interest income increasing y-on-y by ~17% to Rs. 41.37 crore in FY24 (for the period from April 1, 2023, to March 31, 2024), driven by growth in its on-book loan portfolio. The company's other income (net of loss due derecognised financial assets) stood at Rs. 3.85 crore in FY24, which includes fees, service charges, and commission-based income. Additionally, AFIL's Net Interest Margin (NIM) improved to 11.24% in FY24 (FY23: 10.26%) due to higher net spreads. Return on Total Assets (ROTA) also improved, rising to 4.58% in FY24 from 3.88% in FY23, reflecting enhanced profitability. Furthermore, AFIL reduced its cost-to-income ratio to 34.86% in FY24, compared to 46.49% in FY23, due to rationalization of operating expenses. Infomerics Ratings anticipates that AFIL's earnings profile will continue to remain healthy in the near to medium term, supported by continued growth in its assets under management (AUM).



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- **Consistent growth in AUM levels:** AFIL's total Assets Under Management (AUM) increased by 14% y-o-y, reaching Rs. 425.65 crore in FY24 (comprising Rs. 403.72 crore in on-book AUM and Rs. 21.93 crore in off-book AUM), driven primarily by growth in the LAP / SME segment. This growth trend is reflected in the H1FY25 figures, with total AUM reaching Rs. 485.79 crore. Infomerics Ratings expects this growth trajectory to continue, supported by equity infusion in FY25, stemming from a ~Rs. 132 crore fundraising through an IPO in June 2024 and a preferential issue of fully convertible warrants worth ~Rs. 45 crore. Out of the total warrant issue, approximately 25% is expected to be received in January 2025, with the remaining 75% anticipated in FY26.
- **Comfortable Capitalisation Levels:** AFIL's capitalisation levels are comfortable marked by total CRAR which stood at 70.38% as on 30th September 2024 (31st March 2023 : 51.18%: 31st March 2024 : 49.86%) which is well above the minimum regulatory requirement supported by equity infusion through its IPO and the issuance of warrants as well as generation of healthy internal accruals. Furthermore, AFIL's tangible net worth stood healthy at Rs. 222.25 crore as on 31st March 2024 on back of accretion of profits to reserves and surplus. Going forward, AFIL's capitalisation levels are expected to remain comfortable bolstered by further equity infusions through fundraising activities and anticipated growth in profitability.
- **Experienced Promoters and Management with an established track record:** Founded in 1996 in Udaipur, Rajasthan, the Akme Group has more than two decades of experience as a non-deposit taking, non-banking financial company (NBFC) specializing in asset financing. The company has built long-term customer relationships and an established market presence. It is promoted by Mr. Nirmal Kumar Jain, a Chartered Accountant and Cost Accountant with more than 20 years of experience in the lending sector. The board comprises qualified and experienced directors, whose expertise contributes to the company's operational success.
- **Robust Risk Management Systems:** AFIL follows a stringent credit underwriting policy that thoroughly evaluates the risks associated with each proposal and identifies appropriate risk mitigation measures. The company closely monitors the performance of its portfolio and handles all recovery activities in-house, without relying on external



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agencies. Recoveries are managed by AFIL's employees, who maintain regular interactions with clients to ensure timely collections.

Key Rating Weaknesses:

- **Average albeit improving asset quality:** AFIL's asset quality continues to remain average, although it has shown consistent improvement over the years. As of 30th September 2024, the Gross Non-Performing Assets (GNPA) and Net Non-Performing Assets (NNPA) stood at 3.13% and 1.47%, respectively (compared to 4.57% and 3.44% as of 31st March 2023, and 3.63% and 1.74% as of 31st March 2024). The primary contributor to these metrics is delinquencies in the vehicle loan segment, which accounts for approximately 30% of AFIL's overall GNPA in absolute terms, despite representing only around 22% of the total portfolio as of 30th September 2024. However, asset quality remains average for NBFCs in the vehicle loan segment, which generally experience an average GNPA of around 3.5% at the industry level. Going forward, as AFIL's assets under management (AUM) continues to grow, the ability of AFIL to maintain healthy asset quality, particularly in the vehicle loan segment, will remain a key rating monitorable.
- **Geographical concentration of the portfolio:** AFIL's on book portfolio, which stood at Rs. 460.11 crore as of 30th September 2024, is spread across four states. However, the company faces a high geographical concentration risk, with approximately 66% of its portfolio is concentrated in Rajasthan. The remaining portfolio is distributed as follows: Gujarat (12.15%), Madhya Pradesh (11.73%), and Maharashtra (10.50%). Any adverse changes in the microeconomic conditions in these states could potentially have a negative impact on the overall performance of the company.
- **Intense competition and susceptibility to regulatory changes:** AFIL is exposed to intense competition within the financial services sector, often contending with traditional banks as well as emerging fintech companies vying for market share and customer loyalty. Additionally, NBFCs in India are highly susceptible to changes in the regulatory environment. Government policies, regulatory reforms, and compliance requirements can directly impact their operations, liquidity management, and



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profitability. Therefore, navigating these competitive pressures and regulatory dynamics is crucial for AFIL to sustain growth and maintain stability.

Analytical Approach: Standalone

Applicable Criteria:

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

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

[Policy on withdrawal ratings](#)

Liquidity – Adequate

Considering its scale of operations, AFIL's total CRAR remains comfortable at 70.38% as on 30th September 2024 which is well above the minimum regulatory requirement. Also, it has adequately matched asset liability profile as on 30th September 2024, across all the buckets. Moreover, Cash and cash equivalents stood at a healthy Rs. 48.91 crore as on 30 September 2024.

About the Company:

Founded in 1996 in Udaipur, Rajasthan, the Akme Group has over two decades of experience as a non-deposit taking, non-banking financial company (NBFC) specializing in asset financing.

Financials (Standalone):

For the year ended* / As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Income	69.57	73.50
PAT	14.52	18.53
Tangible Net worth	203.60	222.25
AUM (On book as well as off book)	381.34	425.65
Ratios		
NIM (%)	10.26	11.24



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For the year ended* / As on	31-03-2023	31-03-2024
ROTA (%)	3.88	4.58
Interest Coverage (times)	1.68	1.84
Total CRAR (%)	51.18	49.86
Gross NPA [Stage III] (%)	4.57	3.63
Net NPA [Stage III] (%)	3.44	1.74

* Classification as per Infomerics' standards

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 2023 - 24	Date(s) & Rating(s) assigned in 2022 - 23	Date(s) & Rating(s) assigned in 2021 - 22
					07 March 2024	09 March 2023	--
1.	Long Term Fund Based Bank Facilities – Term Loan	Long Term	37.87 (Enhanced from Rs. 15.00 crore)	IVR BBB+ / Stable	IVR BBB / Stable	IVR BBB- / Stable	--
2.	Long Term Fund Based Bank Facilities – Cash Credit	Long Term	4.00 (Reduced from Rs. 47.36 Crore)	IVR BBB+ / Stable	IVR BBB / Stable	IVR BBB- / Stable	--
3.	Long Term Proposed Fund Based Bank Facilities – Term Loan	Long Term	68.13 (Enhanced from Rs. 47.64 Crore)	IVR BBB+ / Stable	IVR BBB / Stable	IVR BBB- / Stable	--
4.	Long Term Fund Based Bank Facilities – Cash Credit	Long Term	0.00	--	IVR BBB / Stable	IVR BBB- / Stable	--
5.	Non-Convertible Debentures	Long Term	0.00	--	--	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.

For more information and definition of ratings please visit www.infomerics.com.

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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 Fund Based Bank Facilities – Term Loan	--	--	--	Valid up to October 2029	37.87 (Enhanced from Rs. 15.00 crore)	IVR BBB+ / Stable
Long Term Fund Based Bank Facilities – Cash Credit	--	--	--	Revolvin g	4.00 (Reduced from Rs. 47.36 Crore)	IVR BBB+ / Stable
Long Term Proposed Fund Based Bank Facilities – Term Loan	--	--	--	--	68.13 (Enhanced from Rs. 47.64 Crore)	IVR BBB+ / Stable
Long Term Fund Based Bank Facilities – Cash Credit	--	--	--	--	0.00	--

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-akme-dec24.pdf>

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

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.