



Press Release

Revised Press Release

Akme Fintrade (India) Limited (AFIL)

March 07, 2024

Sl. No.	Instrument/Facility	Amount (INR. Crore)	Rating Upgraded	Rating Action	Complexity indicators
1	Long Term Fund Based Facility – CC/OD	47.36 (Reduced from 61.00)	IVR BBB/Stable Outlook (IVR Triple B with Stable Outlook)	Upgraded	Simple
2	Long Term Fund Based Facility – Term Loans	15.00 (Reduced from 18.09)	IVR BBB/Stable Outlook (IVR Triple B with Stable Outlook)	Upgraded	Simple
3	Non-Convertible Debentures	0.00 (Reduced from 10.00)	-	Withdrawn	Simple
4	Proposed Long Term Fund Based Facility	47.64 (Increased from 30.91)	IVR BBB/Stable Outlook (IVR Triple B with Stable Outlook)	Upgraded/Assigned	Simple
		110.00	Rupees One Hundred and Ten Crores only		

Details of Facilities are in Annexure 1

Detailed Rationale

The upgradation/Assignment of the rating to the bank facilities of Akme Fintrade (India) Limited (AFIL) continues to derive comfort from its experienced promoters and management team, moderate scale of operations and profitability, moderate capital adequacy and leverage position, promising equity infusions and strong risk management system. However, the rating strengths are partially offset by Geographical concentration of the portfolio, Competitive nature of industry and Moderate Asset Quality.

The rating for Rs.10.00 crore NCDs has been withdrawn based on the client request and receiving of 'No Due Certificate' from debenture trustee. The rating is withdrawn in line with Infomerics' policy on withdrawal.



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Key Rating Sensitivities:

- **Upward Factor**

- Significant scaling up the business operations while maintaining the asset quality and profitability indicators.

- **Downward Factor**

- Significant deterioration in leverage indicators, asset quality and/or profitability metrics in order to improve the lending operations.

Key Rating Drivers with detailed description

Key Rating Strengths

Experienced promoters and management

The company is promoted by Mr. Nirmal Kumar Jain, a Chartered Accountant and Cost Accountant who has experience of more than two decades in the lending sector. The Company's board constitutes of qualified and experienced directors. The prior relevant experience of the directors brings in a high degree of operational expertise. The company's established track record of operations as well as the extensive experience of its management has enabled it to establish itself in the market. Recently company has inducted Mr. Shiv Prakash Shrimali, as an independent director on the board. Mr. Shrimali, ex-chairman of Rajasthan Marudhara Gramin Bank (RMGB), is a seasoned banker with more than 3 decades of experience across the business verticals in lending space.

Moderate scale of operations and profitability

The Company's operating income has marginally improved from INR 67.50 Crore in FY22 to INR 69.57 Crore in FY23, AUM has also observed marginal improvement from INR 342.87 Crores to INR 345.57 Crores in FY23. Company recorded its total revenue of Rs. 53.44 Cr for 9MFY24, company had achieved 71% of their projected revenue for the FY24. The company has made streamlined processes in its recovery process and also made cautious efforts towards disbursement of loans and has recorded 95% of their projected-on book Portfolio of Rs. 396.96 Cr for FY24. Further The Company posted a Net Profit of INR 14.52 Crore in FY23 (INR 4.33 Crores in FY22) mainly due to increased collection of written off debts in FY23 and reduction in cost of capital. The NIM and NII are also expected to improve in the projected period based on the new approach adopted wherein the company is planning to expand their



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disbursement in their vehicle loan portfolio, along with the stabilisation of new website named AASAN Loans.

Comfortable capital adequacy and leverage position

The Capital Adequacy Ratio (CAR) of the Company stood at ~51.18% as on March 31, 2023 compared to 35.07% in FY22 backed by the equity infusions made by the promoters. The overall gearing of the company remained moderate and comfortable at 0.87x as on March 31, 2023 as compared to 1.67x as on March 31, 2022.

Improving capital structure backed by capital infusion.

The company has raised total capital of Rs.54.75 Crores in FY23 by issuing fresh equity shares of Rs 9.86 Crores (face value of Rs 10) at a premium of Rs 44.89 Crores. This has resulted in improved capital structure of the company with tangible net worth increasing to Rs 203.60 Crores in FY23 when compared to Rs 137.47 Crores in FY22. Gearing has also improved to 0.87x times in FY23 when compared to 1.67x times in FY22. Further, the company has filed preliminary papers with capital markets regulator Sebi to raise funds through an Initial Public Offering (IPO). The public issue comprises fresh issuance of 1.1 crore equity shares (Amounting to INR110 Crore) and no offer for sale (OFS) component, according to the Draft Red Herring Prospectus (DRHP). Proceeds of the issue will be used to augment capital base of the company.

Strong risk management systems

The Company has an employee strength of over 159 employees. The credit underwriting policy ensures rigorous evaluation of the risks associated with any proposal and identification of the risk mitigants. The Company monitors the performance of the portfolio very closely and does not deploy any outside agency for recovery activity. The recoveries are being made by AFIL employees with regular interaction with the clients.



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Key Rating Weaknesses

Geographical concentration of the portfolio

The AFIL manages the portfolio of INR354.16 Crore of own book in five different states, however the company's geographical concentration risk remains high with 70.54% of portfolio originating from Rajasthan followed by Gujarat (8.89%), Madhya Pradesh (12.58%), and Maharashtra (8.00%).

Competitive nature of industry

AFIL is exposed to stiff competition from other NBFCs and banks operating in the similar segment. Better capitalized and more conservatively run finance companies are likely to swallow up an increasing number of smaller rivals. The current uncertainty in the market will lead NBFCs with financially strong backers stand out.

Moderate asset quality

The Gross NPA and Net NPA for AFIL stood at 4.57% and 3.44%, respectively as on March 31, 2023, as compared to 4.90% and 4.06%, as on March 31, 2022. AFILs Collection efficiency has increased from 93% as on Jan 2024 when compared to 86% on Jan 2023. The NPA levels are expected to improve further as the company have revised their maximum ticket size and also expanding their vehicle loan portfolio. However, AFIL has gradually increasing its provision coverage ratio to 24.69% for FY23 (FY22:17.18%, FY21: 16.81%)

Analytical Approach: Standalone

Applicable Criteria:

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

[Criteria for Outlook](#)

[Policy on Withdrawal of Ratings](#)

[Complexity level of rated instruments/Facilities](#)

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



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Liquidity: Adequate

Liquidity is marked adequate by the balanced ALM profile for the short to medium term with sufficient cushion of inflows as against its repayment obligations largely because of its Short – midterm lending type of loans as against term debt availed. Apart from it, the company maintains cash and cash equivalents of about INR2.03 Crore, Liquid investments of INR0.20 Crore, Unmarked FDs of INR11.03 Crores and Unutilized bank limits of INR0.75 Crores as on Dec 31st , 2023.

About the Company

Akme group was founded in 1996 in Udaipur, Rajasthan. The company is operating its business for more than two decades, it is a non-deposit taking non-banking financial company (NBFC). The company is engaged in the business of asset financing and has different verticals of the financial sector. AFIL has shifted its focus to secured lending from unsecured lending. The company's products portfolio includes Two Wheeler Finance, Three Wheeler Finance, Four Wheeler Finance, Loan Against Property, Business Loan, Personal Loan, etc. Over the years the Company has been able to maintain long relationship with its customer.

Financials: Standalone

(INR. Crore)

For the year ended/ As On*	31-3-2022 (Audited)	31-3-2023 (Audited)
Total Income	67.50	69.57
PAT	4.33	14.84
Tangible Net worth	137.47	203.60
Total Debt	230.06	177.76
Total Loan Assets	342.87	345.57
Total CAR(%)	35.07%	51.18%
Gross NPA (%)	4.90%	4.57%
Net NPA (%)	4.06%	3.44%
Overall Gearing (x)	1.67	0.87

* Classification as per Infomerics' standards



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Status of non-cooperation with previous CRA: N.A

Any other information: N.A

Rating History for last three years:

Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (09 March 2023)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1	Long Term Fund Based Bank Facilities – CC/OD	Long Term	47.36 (Reduced from 61.00)	IVR BBB / Stable Outlook	IVR BBB- / Stable Outlook	--	--
2	Long Term Fund Based Bank Facilities – Term Loans	Long Term	15.00 (Reduced from 18.09)	IVR BBB / Stable Outlook	IVR BBB- / Stable Outlook	--	--
3	Non Convertible Debentures	Long Term	0.00	-	IVR BBB- / Stable Outlook	--	--
4	Proposed Long Term Fund Based Facility	Long Term	47.64 (Increased from 30.91)	IVR BBB / Stable Outlook	IVR BBB- / Stable Outlook	--	--

Name and Contact Details of the Rating Team:

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating. Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of



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Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, 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 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: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Bank Facilities – Cash Credit	--	--	--	47.36 (Reduced from 61.00)	IVR BBB / Stable Outlook
Long Term Fund Based Bank Facilities – Term Loans	--	--	Up to July 2028	15.00 (Reduced from 18.09)	IVR BBB / Stable Outlook
Non-Convertible Debentures	June 30, 2020	12% p.a.	June 30, 2023	0.00	-
Proposed Long Term Fund Based Facility	--	--	--	47.64 (Increased from 30.91)	IVR BBB / Stable Outlook



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Annexure 2: List of companies considered for consolidated analysis: None

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Annexure 3 Akme Lender 08 03 2024.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:

Key Terms for the NCD issue of Rs 10.00 Crores

Instrument name	Rated, Unsubordinated, Secured Transferable, Redeemable, Non-Convertible Debentures.
ISIN	INE916Y07016
Issuer	Akme Fintrade (I) Limited
Issue size	Rs 10.00 Crores
Issue date	June 30, 2020
Maturity date	June 30, 2023
Coupon (Fixed)	12.00%
Coupon payment frequency	Quarterly
Objects of the issue	General Corporate purposes, for the ordinary course of business of the issuer including repayment/Refinancing of existing Debt.
Redemption structure	Debentures shall be redeemed on a Pro rata basis (Bullet) by the final redemption date.
Financial Covenants	Minimum CRAR as per the regulatory minimum prescribed by the RBI under the NBFC master directions.
Non-Financial covenants	
Affirmative Covenants	To utilise the proceeds of the issue in accordance with applicable laws and regulations. To Promptly inform Material adverse effect. To Provide the investor with access to data. To comply with corporate governance, fair practices code prescribed by RBI.
Reporting Covenants	Quarterly Reports within 60 (Sixty) calendar days from the end of each financial quarter a) Information such as financials, operations, portfolio, and asset quality (including but not limited to static portfolio cuts, collection efficiency and portfolio at risk data), funding data, ALM in formats acceptable to the Debenture Holders



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	<p>b) Financial covenant compliance certificate signed by a Director or the Chief Financial Officer</p> <p>c) Copy of returns filed with the Reserve Bank of India ("RBI") and the SEBI (as applicable).</p>
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Annexure 5: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

Link of Press release dated March 07, 2024: [Click here](#)