



Rating Rationale

Akme Fintrade (India) Limited.

5 April 2017

Brickwork Ratings reaffirms the ratings for the Fixed Deposits Aggregating to Rs. 3.00 Crores of Akme Fintrade (India) Limited (AFIL).

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based Fixed Deposit	3.52	3.00	Long Term	BWR F BBB-	BWR F BBB- Reaffirmed (Pronounced as BWR Single F Triple B Minus)
Total	3.52	3.00	Rs. 3.00 Crs (Rupees Three Crores Only.)		

^ Please refer to RBI guidelines for deposit taking NBFC's Master Circular RBI/DNBR/2016-17/38, DNBR.PD.002/03.10.119/2016-17 dated 25.8.2016.

***In terms of Ministry of corporate affairs, Government of India notification dated 15th September 2015; companies to be eligible to raise Public Deposits are required to have minimum rating of BWR FBBB

Rating Reaffirmed

BWR has essentially relied upon the audited financial results of the company upto FY16, projections for FY17 & FY18, publicly available information and information/clarifications provided by the management.

The rating draws strength from AFIL management's experience as a Non-Banking Finance Company (NBFC) in asset financing business, growth in its AUM Coupled with increase in interest income, track record of operations and group support from other companies engaged in a variety of businesses including automobile dealership. The rating is, however, constrained by a small scale of operations, risks associated with asset financing and asset quality. Going forward improving scale of operations ability to improve its portfolio growth with improvement in profitability and maintain good asset quality.



Rating Outlook: Stable

BWR believes the **Akme Fintrade (India) Limited (AFIL)** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Incorporated in February 1996 by Mr. Nirmal Kumar Jain and his family members. Akme Fintrade (India) Limited is engaged in asset financing business. It is registered as a deposit accepting Non-Banking Finance Company (NBFC) with the Reserve Bank of India. The company operates 34 offices in twelve districts of Rajasthan, Maharashtra, M.P & Gujarat and has recently started operations in Mumbai region and areas in Gujarat bordering Rajasthan.

Another group entity, Akme Fincon Limited is also in the same line of business with operations in Udaipur and surrounding regions. The promoters have other business interests including housing finance, real estate and automobile dealership through other entities of the viz. Akme Star Housing Finance Limited, Akme Automobiles Private Limited, Akme Build Estate Limited Company and Akme Property & Builders.

Mr. Nirmal Kumar Jain is the Chairman-cum-Managing Director of the company. He is Chartered Accountant & Cost Accountant by qualification, and has around 22 years of experience in financing and other related businesses. Mr. Mohan Lal Nagda is also the founder and Promoter of the Company and he is a qualified Chartered Accountant and has more than 23 years of management experience.

RBI regulation for Deposit taking NBFC:

RBI directives for NBFCs are contained in Master Circular RBI/DNBR/2016-17/38, DNBR.PD.002/03.10.119/2016-17 dated 25.8.2016.

Company Financial Performance

As per audited financial statements for FY16, AFIL reported net interest income of ₹. 13.23 Cr and PAT of ₹ 2.04 Cr as against ₹ 11.11 Cr and ₹ 1.51 Cr in FY15 respectively. The loan portfolio outstanding increased from ₹ 55.27 Cr as of March 31, 2015 to ₹ 85.06 Cr as of March 31st, 2016 and further to ₹120.92 Cr as on Jan 31st, 2017.



There was also improvement in asset quality as reflected in decreased Gross NPA from 2.45 % as on March 31st 2015 to 1.76% as on March 31st ,2016 and decreased Net NPA from 1.92% as on March 31st 2015 to 1.42% as on March 31st ,2016. For 10M FY17, Gross NPA was reported at 1.08% and Net NPA at 0.75%.

Total Net Worth of the company has increased from ₹ 20.74 Cr in FY 15 to ₹ 24.23 Cr in FY 16 on account of infusion of equity and retention of profit for the financial year. The Capital Adequacy Ratio was 26.06 % as on March 2016 (32.37 % as on March 2015) which was well above RBI's prescribed minimum capital requirement of 15% for NBFCs.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type(Long Term/Short Term)	Amount (Rs Crs)	Rating	24/02/ 2016	2015	2014
1	Fixed Deposit	Long Term	3.00	BWR F BBB-	BWR F BBB-	N.A	N.A

Status of non-cooperation with previous CRA (if applicable)-Reason and comments: N.A

Any other information: N.A

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Banks & Financial Institutions](#)

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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