



IPO NOTE

AKME FINTRADE INDIA LTD

Rating:
NEUTRAL



ISSUE OFFER

Issue Opens on	JUNE 19, 2024
Issue Close on	JUNE 21, 2024
Total IPO size (cr)	₹132.00
Fresh issue (cr)	₹132.00
Offer For Sale (cr)	NIL
Price Band (INR)	114-120
Market Lot	125
Face Value (INR)	₹10
Retail Allocation	35%
Listing On	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 50%;"></div>	50%
NII Portion	<div style="width: 35%;"></div>	35%
Retail Portion	<div style="width: 15%;"></div>	15%

SHAREHOLDING (No. of Shares)

Pre Issue	Post Issue
374,519,945	387,423,171

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	24-06-2024
Refunds/Unblocking ASBA Fund	25-06-2024
Credit of equity shares to DP A/c	25-06-2024
Trading commences	26-06-2024

Akme Fintrade India Ltd is a non-banking finance company ("NBFC") incorporated in the year 1996 and registered with the Reserve Bank of India as a Non-systemically important non-deposit-taking company with over two decades of lending experience in rural and semi-urban geographies in India. It is primarily engaged in rural and semi-urban-centric lending solutions to look after the needs and aspirations of the rural and semi-urban populace.

OBJECTS OF THE ISSUE

- To augment the capital base of the company.

OUTLOOK & VALUATION

Akme Fintrade India is a non-banking finance company (NBFC) focused on vehicle finance and small business lending in rural and semi-urban areas.

While the company boasts a strong presence in these underbanked segments and has demonstrated positive financial performance recently, several factors warrant careful consideration by potential investors.

Firstly, the NBFC sector in India is highly competitive, demanding strategic differentiation to maintain market share. Secondly, Akme Fintrade has faced compliance issues in the past, which further raises concerns. Additionally, the company's high NPAs and low credit rating indicate potential challenges. The IPO valuation further amplifies these concerns, appearing fully priced in the current market context.

Considering these factors, we recommend a cautious approach to the Akme Fintrade India IPO.

While the Grey Market Premium (GMP) suggests some investor interest, the inherent risks outweigh the potential benefits for most investors. Thus, we assign a neutral rating to this IPO.



KEY MANAGERIAL PERSONNEL

01

Mr. Nirmal Kumar Jain

Chairman and Managing Director of the Company. He has been on the Board of Directors of the Company from August 25, 1996. He is a qualified Chartered Accountant. He has more than 25 years of experience in the finance terrain. He has played a significant role in the growth of the Company.

02

Mr. Bobby Singh Chandel

Chief Executive Officer of the Company. He has been appointed as CEO of the Company w.e.f. December 24, 2022. He holds a degree in Bachelors of Commerce from Khalsa College of Arts, Commerce and Science, Mumbai University.

03

Ms. Rajni Gehlot

Chief Financial Officer of the Company. She has been appointed as the Chief Financial Officer of the Company w.e.f. May 17, 2019. She holds a degree in Masters of Commerce in Accountancy and Statistics from Mohan Lal Sukhadia University, Udaipur, Post Graduate Diploma in Business Administration from Symbiosis Centre for Distance Learning, Pune and is a qualified Chartered Accountant

04

Mr. Manoj Kumar Choubisa

Company Secretary and Compliance Officer of the Company. He was appointed as the Company Secretary of the Company w.e.f. January 01, 2024. He is an associate member of The Institute of Company Secretaries of India.



COMPANY PROFILE

- The company's portfolio includes Vehicle Finance and Business Finance Products for small business owners.
- Its digital lending platform www.aasaanloans.com is currently under development and will be rolled out in a phased manner.
- It has footprints in rural and semi-urban geographies in 4 Indian states Rajasthan, Maharashtra, Madhya Pradesh, and Gujarat through a registered office located at Udaipur, Rajasthan, and a Corporate Office located in Mumbai, Maharashtra.
- 12 branches and over 25 points of presence including digital and physical branches having served over 2,00,000 customers to date.

COMPETITIVE STRENGTHS

- Proven execution capabilities with a strong rural and semi-urban focus.
- Well-established Vehicle Finance, small businesses lending business.
- Stable and experienced management team.
- Customer-centric approach and deep understanding of target customers.
- Access to Diversified Sources of Capital and Effective Asset Liability Management.
- Robust underwriting process and risk management policies.
- Hub and Spoke business model that improves efficiencies and decreases costs.

KEY STRATEGIES

- Increase focus on Digitisation and expanding product portfolio.
- Deepen, strengthen, and expand geographical Presence.
- Continue to focus on small business owners and self-employed individuals.
- Enhance Brand Recall to Attract New Customers.

KEY CONCERNS

- The Company has higher levels of NPAs than some of its peer companies.
- The company did not comply with certain RBI norms/guidelines in the past.
- The company has changed its shareholding by more than 26% during FY 2021-22 and FY2022-23 and has changed our management during FY 2021-22 without obtaining prior approval from RBI.
- Its credit ratings are presently low and any future downward revision in its credit ratings could adversely affect it.
- It is affected by volatility in interest rates for both its lending and treasury operations.
- The company operates in a highly competitive industry.

COMPARISON WITH LISTED INDUSTRY PEERS

Name of the Company	EPS (Basic)	NAV	P/E	TOTAL INCOME (In Cr.)	RoNW (%)
Akme Fintrade (India) Limited	5.85	64.65	-	69.57	7.72%
Peer Group					
MAS Financial Services Limited	37.18	277.83	26.47	990.26	13.55%
Shriram Finance Limited	160.54	1,162.12	14.73	30,508.39	13.82%
Cholamandalam Investment and Finance Company Limited	32.44	174.52	33.52	13,105.59	18.58%
Arman Financial Service Limited	110.47	430.61	20.99	423.90	25.65%
CSL Finance Limited	22.02	174.85	22.70	117.53	12.59%

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN LAKHS)	FY 2023	FY 2022	FY 2021
Equity Share Capital	3,167.50	2,181.65	2,181.65
Other equity	17,310.61	11,502.79	10,844.71
Net Worth	20,478.11	13,684.44	13,026.36
Total Borrowings	14,778.00	20,006.03	28,782.23
Revenue (Interest Income)	6,310.99	6,486.94	8,416.86
EBITDA	4,827.98	4,328.43	6,790.54
Profit before Tax	2,004.71	758.91	1,920.80
Net Profit of the Year	1,580.27	412.07	1,630.50


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