

July 15, 2015

CARE REVOKES THE SUSPENSION AND REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF AKME FINTRADE (INDIA) LIMITED

Rating

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long Term Bank Facilities	50.00 (enhanced from Rs.32.00 crore)	CARE BB+ [Double B Plus]	Suspension revoked and reaffirmed

Rating Rationale

The rating of bank facilities of Akme Fintrade (India) Ltd. (AFIL) continues to remain constrained on account of the high product and geographic concentration risk in its loan portfolio along with nascent risk management systems and moderate liquidity.

The rating, however, continues to draw strength from the experience of the promoters of AFIL in various businesses and understanding of the local market. The rating is also underpinned by the secured nature of AFIL's loan portfolio and its comfortable capital adequacy. The rating also takes into account the marginal improvement in the asset quality.

AFIL's ability to further grow its loan portfolio through greater product and geographical diversification, improvement in liquidity and resource profile and strengthening of its risk management systems are the key rating sensitivities.

Background

Incorporated in February 1994 by Mr. Nirmal Kumar Jain and his family members, AFIL is a part of the Akme Group of Udaipur, Rajasthan and is engaged in two and three wheeler financing in regions surrounding Udaipur in Rajasthan. Akme Fincon Ltd. (AFL; rated CARE BB+), another entity of the group, is also engaged in vehicle financing with a relatively smaller geographic reach limited to Udaipur. The promoters also have other business interests including housing finance, real estate and automobile dealership through other entities of the group. As on March 31, 2015, AFIL had an outstanding net loan portfolio of Rs.54.83 crore.

Based on the audited financials, AFIL registered a total income of Rs.11.11 crore with a PAT of Rs.1.52 crore in FY15 (FY; refers to the period April 1 to March 31) compared with a total income of Rs.10.15 crore with a PAT of Rs.1.32 crore in FY14.

Analyst Contact

Name: Mr Naresh M. Golani

Tel: 079-4026 5618

Email: naresh.golani@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor 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 in addition to the financial performance and other relevant factors.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

CONTACT**Head Office Mumbai****Mr. D.R. Dogra**

Managing Director

Mobile: +91-98204 16002

E-mail: dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Mobile: +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi

Vice President - Bank Loan & Instrument Rating

Mobile: +91-9819009839

E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva

Vice President - Bank Loan & Financial Services

Mobile: +91-9819698985

E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069

Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD**Mr. Mehul Pandya**

32, Titanium, Prahaladnagar Corporate Road,

Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

JAIPUR**Mr. Harsh Raj Sankhla**

304, Pashupati Akshat Heights, Plot No. D-91,

Madho Singh Road, Near Collectorate Circle,

Bani Park, Jaipur - 302 016.

Cell: +91 – 94139 69100

Tel: +91-141-402 0213 / 14

E-mail: harshraj.sankhla@careratings.com

BENGALURU**Mr. Dinesh Sharma**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,

No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

KOLKATA**Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)

10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

CHANDIGARH**Mr. Sajan Goyal**

2nd Floor, S.C.O. 196-197, Sector 34-A,

Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

NEW DELHI**Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,

Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,

No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

PUNE**Mr. Rahul Patni**

9th Floor, Pride Kumar Senate,

Plot No. 970, Bhamburda, Senapati Bapat Road,

Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

HYDERABAD**Mr. Saikat Roy**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,

Hyderabad - 500 029.

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

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