Akme Fintrade (India) Ltd.

March 15, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long term Bank Facilities	59.00	**CARE BBB-;Stable; ISSUER NOT COOPERATING* (Triple B Minus; Outlook: Stable; ISSUER NOT COOPERATING*)**	Issuer not cooperating; based on best available information
Fixed Deposit programme	3.00	**CARE BBB- (FD);Stable; ISSUER NOT COOPERATING* (Triple B Minus (Fixed Deposit); Outlook: Stable; ISSUER NOT COOPERATING*)**	Issuer not cooperating; based on best available information
Total	**62.00 (Rs. Sixty Two crore only)**		

Details of instruments/facilities in Annexure-1
**Issuer did not cooperate; Based on best available information*

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Akme Fintrade (India) Ltd. to monitor the ratings vide e-mail communications/letters dated January 28, 2018, February 05, 2018, February 09, 2018, February 16, 2018, February 24, 2018, February 27, 2018 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Akme Fintrade (India) Ltd.'s bank facilities will now be denoted as **CARE BBB-; Stable ISSUER NOT COOPERATING*** & for fixed deposit instrument as **CARE BBB-(FD); Stable ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The rating assigned to bank facilities and Fixed deposit programme of Akme Fintrade (India) Ltd. (AFIL) continues to derive strength from increase in scale of operations with improvement in asset quality during FY17 (refers to the period April 1 to March 31). The rating also draws strength from the experience of promoters of AFIL in various businesses and understanding of local markets and support from other group entities in the similar line of business. The rating also takes into account secured nature of loan portfolio of AFIL, adequate internal control and MIS system and its moderate capital adequacy ratio.

The rating however, continues to remain constrained on account of the moderate product and geographic concentration with low seasoning of loan portfolio, concentrated resource base along with moderate profitability and liquidity.

AFIL's ability to further increase its scale of operations through greater geographical diversification, expansion of resource profile and strengthening of its risk management systems are the key rating sensitivities.

Detailed description of the key rating drivers

At the time of last rating on April 12, 2017 the following were the rating strengths and weaknesses (updated for the information provided by the company).

Key Rating Strengths

Continuous increase in loan portfolio

AFIL's outstanding portfolio has increased by around 70% to Rs.142.80 crore as on March 31, 2017 as compared to Rs.84.19 crore as on March 31, 2016. AFIL reported growth of 70% in its total income in FY17 from FY16 level upon considerable growth in its loan portfolio.

Continuous improvement in asset quality

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*
**Issuer did not cooperate; Based on best available information*

The quality of AFIL's loan portfolio improved though remained moderate with a Gross NPA ratio of 1.78% (based on 150 plus dpd) as on March 31, 2016, compared with 2.45% (based on 180 plus dpd) as on March 31, 2015. Net NPA ratio also improved from 1.93% as on March 31, 2015 to 1.44% as on March 31, 2016.Further, the Gross NPA stood at2.33% (based on 120 plus dpd) as on September 30, 2016 mainly due to better collection efficiency on growing portfolio with net NPA ratio improving to 1.94%. Further, Gross NPA (as per 120+ dpd) and Net NPA stood at 1.72% & 1.42% respectively as on March 31, 2017

Experienced promoters and strong group support

The promoters of the Akme group, Mr. Nirmal Jain and his family members have an experience of over two decades in various lines of business including asset financing through various entities. The promoters have also promoted Akme Fincon Ltd. which is also engaged in two and three wheeler financing in Udaipur and surrounding regions of the city as well as Akme Star Housing Finance Ltd. which is engaged in financing of Housing loans and loan against property in Udaipur and surrounding regions.

Moderate capital adequacy

The capital adequacy ratio (CAR)of AFIL though deteriorated but remained above RBI guidelines of 15%, at 24.31% as on March 31, 2017, compared with 26.02% as on March 31, 2016, with increase in loan portfolio being funded mainly through debt. The promoters have infused equity In FY17.

Key rating Weaknesses

Moderate regional and product concentration

The loan portfolio of AFIL is moderately concentrated in Rajasthan, mainly in the surrounding districts of Udaipur with 82% of portfolio concentrated in Rajasthan as on March 31, 2016. The loan portfolio is moderately diversified with two and three wheeler financing (comprising 69.89% of total O/s as on March 31, 2016), Loan Against Property (LAP) (26.50%) and CV (3.61%).

Moderate profitability and deterioration in capital structure

AFIL's NIM has been declining for last two years mainly because of increase in debt to fund its loan portfolio. ROTA has declined in FY17 mainly because of debt funded growth in loan portfolio during the last quarter of FY17. AFIL's reliance on external debt as a source of funding increased as indicated by overall gearing of 3.54 times as on March 31, 2017, compared with 2.90 times as on March 31, 2016.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer]
[Criteria on assigning Outlook to Credit Ratings]
[CARE's Policy on Default Recognition]
[Rating Methodology-Non-banking Financial Companies]
[Financial Sector Ratios]

About the Company

Incorporated in February 1994 by Mr. Nirmal Kumar Jain and his family members, Akme Fintrade (India) Ltd. (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), another entity of the group, RBI Registered NBFC-ND, 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.

(Rs. Crore)

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	13.23	22.24
PAT	1.94	2.69
Interest coverage (times)	1.47	1.38
Total Assets	96.83	167.62
Net NPA (%)	1.44	1.42
ROTA (%)	2.39	2.04

A: Audited

Status of non-cooperation with previous CRA: None
Any other information: None

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

Analyst Contact:
Name: Harshraj Sankhla
Tel: 0141-4020214
Mobile: 94139 69100
Email: harshraj.sankhla@careratings.com

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

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	41.00	CARE BBB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Term Loan-Long Term	-	-	Sept, 2019	18.00	CARE BBB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fixed Deposit	-	-	Oct, 2021	3.00	CARE BBB- (FD); Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

**Issuer did not cooperate; Based on best available information*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Cash Credit	LT	41.00	CARE BBB-; Stable; ISSUER NOT COOPERATING*	1)CARE BBB-; Stable (12-Apr-17)	1)CARE BBB-; Stable (22-Mar-17)	1)CARE BB+ (15-Jul-15)	1)Suspended (25-Mar-15)
2.	Term Loan-Long Term	LT	18.00	CARE BBB-; Stable; ISSUER NOT COOPERATING*	1)CARE BBB-; Stable (12-Apr-17)	1)CARE BBB-; Stable (22-Mar-17)	1)CARE BB+ (15-Jul-15)	-
3.	Fixed Deposit	LT	3.00	CARE BBB- (FD); Stable; ISSUER NOT COOPERATING*	1)CARE BBB- (FD); Stable (12-Apr-17)	-	-	-

**Issuer did not cooperate; Based on best available information*

CONTACT

Head Office Mumbai

Ms. Meenal Sikchi
Cell: + 91 98190 09839
E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva
Cell: + 91 98196 98985
E-mail: ankur.sachdeva@careratings.com

Ms. Rashmi Narvankar
Cell: + 91 99675 70636
E-mail: rashmi.narvankar@careratings.com

Mr. Saikat Roy
Cell: + 91 98209 98779
E-mail: saikat.roy@careratings.com

CARE Ratings Limited

(Formerly known as Credit Analysis & Research Ltd.)

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

AHMEDABAD
Mr. Deepak Prajapati
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-9099028864
Tel: +91-79-4026 5656
E-mail: deepak.prajapati@careratings.com

BENGALURU
Mr. V Pradeep Kumar
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91 98407 54521
Tel: +91-80-4115 0445, 4165 4529
Email: pradeep.kumar@careratings.com

CHANDIGARH
Mr. Anand Jha
SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh
Cell: +91 85111-53511/99251-42264
Tel: +91- 0172-490-4000/01
Email: anand.jha@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

COIMBATORE
Mr. V Pradeep Kumar
T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.
Tel: +91-422-4332399 / 4502399
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Ramesh Bob
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Cell : + 91 90520 00521
Tel: +91-40-4010 2030
E-mail: ramesh.bob@careratings.com

JAIPUR
Mr. Nikhil Soni
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 95490 33222
Tel: +91-141-402 0213 / 14
E-mail: nikhil.soni@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

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

PUNE
Mr.Pratim Banerjee
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-98361 07331
Tel: +91-20- 4000 9000
E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691