



Akme Fintrade India Limited

IPO Note

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IPO Details			Company Background				
Opening Date	June 19, 2024		<ul style="list-style-type: none"> ○ Akme Fintrade India Limited was incorporated in the year 1996 and has its registered office in Udaipur, Rajasthan. ○ Akme Fintrade India Limited is a Non-Banking Finance Company (NBFC) 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 4 Indian states Rajasthan, Maharashtra, Madhya Pradesh and Gujarat. ○ The company focuses on vehicle financing and loans to small businesses and SMEs. ○ The company as of December 31, 2023, has 125 employees on its payroll. 				
Closing Date	June 21, 2024						
Stock Exchange	BSE, NSE						
Lot Size	125 Shares						
Issue Price	₹114 to ₹120 per share						
Issue Size	Aggregating up to ₹132 Cr.						
Fresh Issue	Aggregating up to ₹132 Cr.						
Offer for Sale	-						
Application	Min. Inv. - ₹ 15,000 (125 shares) Max. Inv. – ₹						
Amount (Price at Upper Band)	1,95,000 (1625 shares)						
IPO Objective							
1. To fulfil its future capital requirements arising out of expansion of business and assets.							
2. To meet Issue related expenses							
Pre-Issue Shareholding			Market Capitalization (In Cr.)				
Category	No. of Shares	% of Total Shares	Pre-Issue	Post-Issue			
			₹380	₹512			
Promoter & Promoter Group	1,77,40,826	56.01%					
Public	1,39,34,170	43.99%					
Promoter of the Company			Financial Summary (In Cr.)				
1. Nirmal Kumar Jain			For the Period Ended	Mar-21	Mar-22	Mar-23	Dec-23
2. Manju Devi Jain			Total Assets	455.40	374.01	390.50	417.96
3. Dipesh Jain and Nirmal Kumar Jain HUF			Net Assets	130.26	136.84	204.78	217.01
			Total Borrowings	317.82	230.06	177.76	195.19
			Total Revenue	86.79	67.50	69.57	53.45
			Profit After Tax	16.30	4.12	15.80	12.25
Competitive Strengths			Tentative Timeline				
1. Proven execution capabilities with a strong rural and semi-urban focus			Opening Date	June 19, 2024			
2. Well established Vehicle Finance, small businesses lending business			Closing Date	June 21, 2024			
3. Stable and experienced management team			Basis of Allotment	June 24, 2024			
4. Customer centric approach and deep understanding of target customers			Initiation of Refunds	June 25, 2024			
5. Access to Diversified Sources of Capital and Effective Asset Liability Management			Credit of Shares to Demat	June 25, 2024			
6. Robust underwriting process and risk management policies			Listing Date	June 26, 2024			
7. Hub and Spoke business model that improves efficiencies and decreases costs							

**Company Background and Analysis**

Akme Fintrade India Limited is a Non-Banking Finance Company (NBFC) incorporated in the year 1996 registered with 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 4 Indian states Rajasthan, Maharashtra, Madhya Pradesh and Gujarat through registered office located at Udaipur, Rajasthan, the Company's 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 till date. The Company carries out operations in the format of "hub & spoke" business model.

The Company's digital lending platform, i.e., www.aasaanloans.com is currently under development and will roll out in a phased manner. Right now, it is currently deployed to only few users for the purpose of User Acceptance Testing specifically focusing on Two-wheeler Finance for their initial phase.

The Company's key borrowers include individuals and small business owners, engaged primarily in two principal lines of business:

1. Vehicle financing, encompassing Used Commercial Vehicle and Two-Wheeler Loans. As of December 31, 2023, the Vehicle Finance Credit Exposure amounted to ₹78.79 Cr. Customers such as transport operators, small businesses, self-employed individuals, and salaried persons typically contribute between 10.00% and 30.00% of the asset's purchase price, with the Company providing the remaining financing. Loans are secured through the hypothecation of each financed asset. In the segment for Used Two-Wheelers, the Company serves medium-small fleet owners and transport operators.
2. Business Finance, catering to small business owners and SME/MSME business operators. As of December 31, 2023, this line of business accounted for ₹379.46 Cr., with SME/business loans comprising 79.23% of the total credit exposure, amounting to ₹300.66 Cr. The customer base in this segment includes businessmen, traders, manufacturers, and self-employed professionals. Loans are typically secured by completed, predominantly self-occupied residential and commercial properties.

From top 5 lenders, the Company has outstanding borrowings from top 5 lender amounting to Rs.143.88 Cr. as on Dec23. The Company procures / has procured funds for lending through following ways:

1. Raising funds through issuance of Equity Shares.
2. Raising funds through borrowings in the form of loans from banks/financial institutions
3. Raising funds through issuance of redeemable non-convertible debentures
4. Raising funds through subordinated debts.

The following table sets out the product-wise revenue of the Company for the periods indicated as below:

(₹ in lakhs)

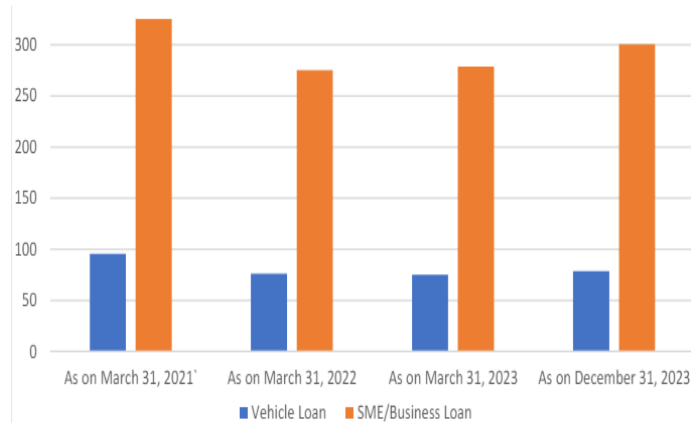
Particulars	Mar-21		Mar-22		Mar-23		31-Dec-23	
	Amt	%	Amt	%	Amt	%	Amt	%
Four-Wheeler Loan	657.93	7.82	501.10	7.72	525.12	8.32	411.21	8.10
Business Loan	6,100.74	72.48	4,723.87	72.82	4,894.65	77.56	3,863.00	76.08
Three-Wheeler Loan	79.19	0.94	66.36	1.02	77.97	1.24	64.44	1.27
Two-Wheeler Loan	1,579.00	18.76	1,195.60	18.43	813.25	12.89	738.58	14.55
Total	8,416.86	100	6,486.94	100	6,310.99	100	5,077.23	100



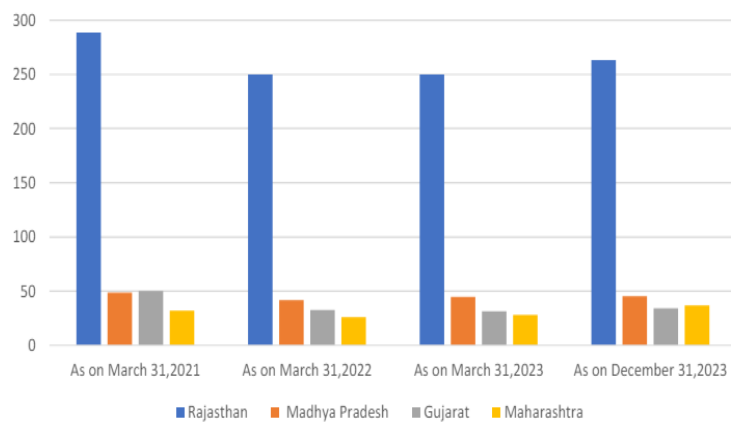
The following table sets out the product-wise NPA of the Company for the periods indicated as below:

(₹ in lakhs)

Particulars	Mar-21		Mar-22		Mar-23		31-Dec-23	
	NPA	%	NPA	%	NPA	%	NPA	%
Four-Wheeler Loan	185.11	12.31	122.69	7.12	147.69	9.12	57.87	3.87
Business Loan	698.79	46.46	1,410.34	81.89	1,107.55	68.37	1,158.13	77.45
Three-Wheeler Loan	4.98	0.33	2.06	0.12	14.67	0.91	21.57	1.44
Two-Wheeler Loan	615.15	40.90	187.24	10.87	349.97	21.60	257.80	17.24
Total	1,504.04	100	1,722.33	100	1,619.88	100	1,495.37	100



Credit Exposure- Product wise



Credit Exposure State wise

To conclude, Akme Fintrade India Limited is a growing NBFC with a strong presence in rural and semi-urban India. The company focuses on vehicle financing and loans to small businesses and SMEs. With a mix of physical and digital presence being developed, Akme Fintrade aims to serve a growing customer base across four states.



Business Strategies

1. Increase focus on Digitisation and expanding product portfolio -

The Company's digital lending platform is currently deployed to only few users for the purpose of User Acceptance Testing specifically focusing on Two-wheeler Finance for their initial phase. The Company intends to digitally accept the required application and documents from the potential customers through website. The uploaded documents will be e-verified for faster and easier approval and funding digitally.

2. Deepen, strengthen, and expand geographical Presence-

The company plans to further grow operations by mining deeper and attracting new customers in existing markets that remain relatively untapped and by entering new regions PAN India where borrowers are underserved and there is lower penetration by finance companies. In addition, Company seeks to establish new branches in areas that are adjacent states to their existing markets, or which may have similar customer demographics and financing needs.

3. Continue to focus on small business owners and self-employed individual-

The company plans to continue to focus on small business owners and self-employed individuals and increase market share. The underwriting model, based on understanding of income assessment and collateral assessment for their customer segment, with limited reliance on documented income, is a key strength which would make customers prefer the Company over their competitors.

4. Enhance our Brand Recall to Attract New Customers-

The Company intends to continue to undertake initiatives to increase the strength and recall of 'Aasaan loans' brand to attract new customers. The Company seeks to build brand through customer literacy programs, sponsor popular events and advertise in newspapers, hoardings etc.

5. Leverage our Network, Domain Expertise and Data to Enhance Product Offering-

The Company plans to leverage large branch network and rural and semi-urban customers, and harness the scale and loyalty of their customer base to offer additional financing products to existing customers who have a positive track record of loan repayment. The Company also plans to provide other financial products and services for the purchase of livelihood and productivity enhancing products.

6. Leverage Technology to Grow the Business-

The Company intends to continue to upgrade existing technology systems with automated, digitized and other technology enabled platforms and tools, to strengthen financing initiatives. The Company intends to enter into agreements with IT companies to assist us in setting up IT infrastructure for operations.

**Competitive Scenario and Peer Mapping****Competition**

The NBFC industries in India are characterized by high levels of competition. The main competitive factors are product range, ability to customize products, speed of loan approvals, price, reputation and customer relationships. They face their most significant organized competition from banks and other NBFCs in India. While NBFCs often have higher interest rates, their ability to provide fast, flexible, and accessible credit solutions make them a preferred choice for many borrowers. The industry faces significant challenges, including stringent regulatory oversight by the Reserve Bank of India (RBI) and growing competition from banks. NBFCs rely on banks and other institutions for funds. The concentration of these suppliers gives them leverage in negotiating interest rates and terms. Borrowers have options between NBFCs and banks. Their ability to switch easily gives them bargaining power, especially for borrowers with good credit history.

Peer Analysis**FY 2021 -**

Particulars	Akme Fintrade India Limited	MAS Financial Services Limited	Shriram Finance Limited	Cholamandalam Investment and Finance Company Limited	Arman Financial Service Limited	CSL Finance Limited
Net Profit Margin	18.92%	23.21%	14.36%	15.88%	5.56%	45%
EBITDA Margin	78.08%	77.00%	71.88%	69.58%	45.93%	76%
Return on Capital Employed	14.21%	29.14%	14.84%	2.22%	22.49%	15%
Return on Equity	6.83%	12.33%	11.45%	15.85%	5.69%	11%
EPS (INR)	6.68	26.00	101.00	19.00	13.00	44.99
P/E	17.96	11.01	14.58	29.61	46.89	-

FY 2022 -

Particulars	Akme Fintrade India Limited	MAS Financial Services Limited	Shriram Finance Limited	Cholamandalam Investment and Finance Company Limited	Arman Financial Service Limited	CSL Finance Limited
Net Profit Margin	6.11%	23.35%	14.11%	21.29%	13.55%	45%
EBITDA Margin	64.09%	80.60%	86.51%	71.15%	57.66%	75%
Return on Capital Employed	5.83%	29.11%	17.47%	2.31%	32.63%	15%
Return on Equity	1.64%	12.23%	10.38%	18.34%	14.91%	10%
EPS (INR)	1.68	29.00	102.00	26.00	37.00	17.75
P/E	71.43	6.25	11.58	27.22	27.64	13.25

FY 2023 -

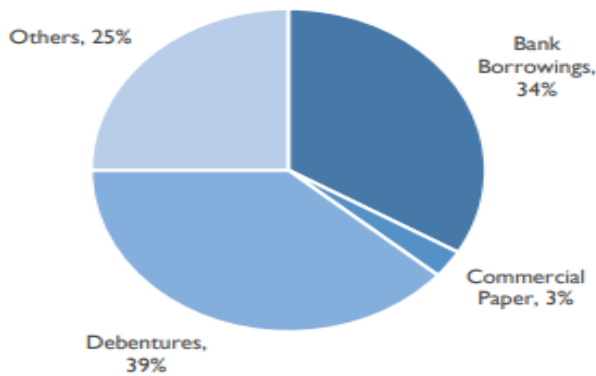
Particulars	Akme Fintrade India Limited	MAS Financial Services Limited	Shriram Finance Limited	Cholamandalam Investment and Finance Company Limited	Arman Financial Service Limited	CSL Finance Limited
Net Profit Margin	22.73%	20.84%	19.96%	20.77%	22.13%	39%
EBITDA Margin	69.38%	77.74%	72.09%	71.89%	70.32%	76%
Return on Capital Employed	9.77%	31.37%	16.23%	2.47%	79.01%	22%
Return on Equity	4.18%	13.55%	13.88%	18.66%	31.08%	13%
EPS (INR)	5.85	37.00	161.00	32.00	110.00	21.40
P/E	20.51	7.22	7.82	23.79	12.09	9.05



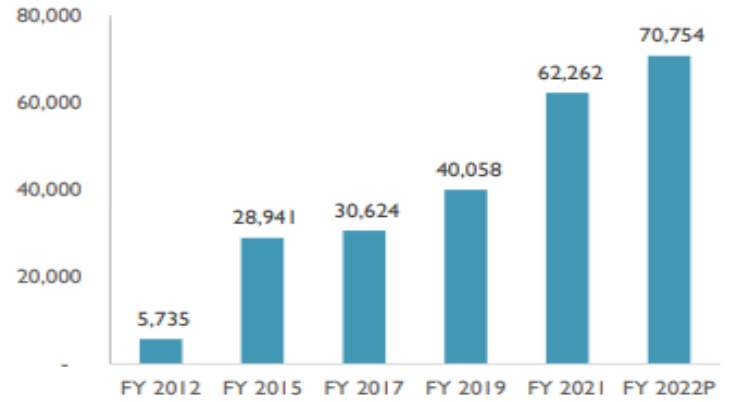
Industry Overview

Exhibit: Funding Mobilization Pattern-

Borrowing Pattern by NBFC



Deposits with NBFC (in INR Crore)



(Source: RBI)

Economic Growth Outlook-

India's economic outlook remains robust amid global challenges, supported by the Union Budget's focus on inclusive growth and fiscal discipline for the fiscal year. Key drivers such as strong agricultural prospects and rising urban consumption bolster economic activity, complemented by optimistic consumer sentiment reflected in the Reserve Bank of India's survey. The credit market in India, valued at INR 198 lakh crore as of March 2023, witnessed a notable 14% year-on-year growth, highlighting robust demand across sectors. Scheduled commercial banks dominate alongside Housing Finance Companies, Non-Banking Financial Companies, and Micro Finance Institutions, collectively enhancing credit accessibility. Home loans constitute the largest retail segment at 40% of total retail credit, followed by personal and agriculture loans at 14% and 12%, respectively. NBFCs notably excel in consumer durable and two-wheeler loans, showcasing their specialized market approach and competitive edge in the retail lending landscape.

Industrial Review of the NBFC Sector in India-

NBFCs play a crucial role in India's financial ecosystem, complementing traditional banking by extending credit to underserved and high-risk segments such as rural households and small businesses. With approximately 9,500 NBFCs operating in India,

Market Size and Growth-

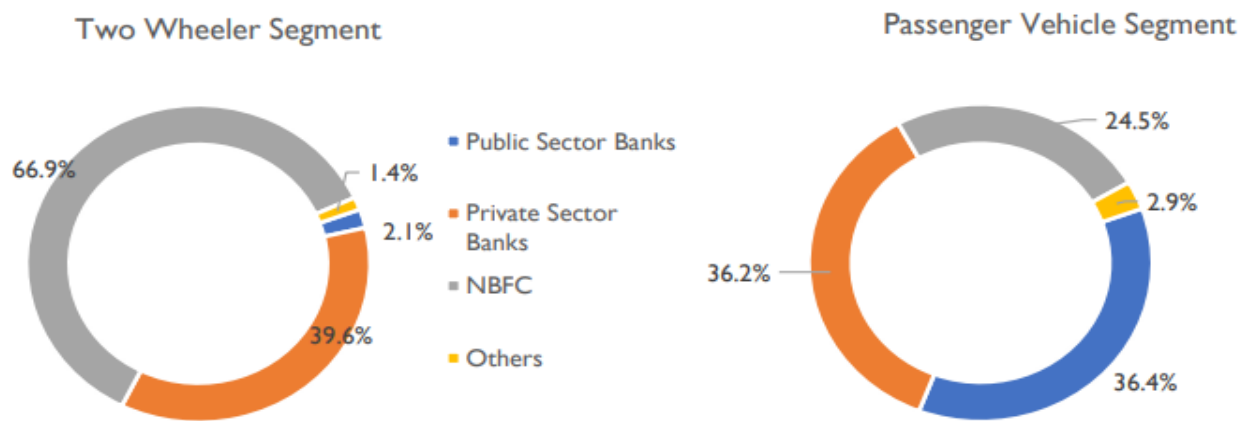
- Total outstanding credit in the Indian NBFC market: Approximately INR 26.9 lakh crore as of September 2023.
- Credit growth rate in the NBFC sector: Significant, outpacing traditional bank credit growth for the past decade.
- Contribution to GDP: NBFC sector's share increased from 18% to nearly 60% between 2002 and 2020.
- Types of NBFCs: Deposit-taking NBFCs (NBFC-D), Non-deposit-taking NBFCs (NBFC-ND), Housing Finance Companies (HFCs), and Asset Reconstruction Companies (ARCs).
- NBFC-NDs dominate the market, accounting for 95% of all NBFCs.

Credit Market Dynamics

- Credit disbursement: NBFC sector shows higher credit disbursement compared to traditional banks, focusing heavily on retail and industrial sectors.



- Vehicle financing: NBFCs hold a substantial market share in financing for commercial vehicles (62%) and two-wheelers (64.4%).
- The commercial vehicle financing sector in India, valued at INR 6.2 lakh crore as of March 2023, is pivotal to logistics and transportation infrastructure.
- The rural market accounts for over half of total two-wheeler sales in India, underscoring the importance of affordable financing options provided by NBFCs.
- Home loans: Largest segment within retail loans, accounting for 40% of total outstanding retail credit as of March 2023.
- Personal loans: Account for 14% of the total retail credit, showing significant competition among various financial service providers.



Two-Wheeler and passenger Vehicle Segment

(Source: Prospectus)

Geographical Presence and Market Focus

- Presence: Over 9,500 NBFCs operating across urban, semi-urban, and rural areas, contributing to financial inclusion.
- Market focus: Increasing penetration in rural markets, particularly in sectors like microfinance and two-wheeler financing.
- Credit Quality and Asset Quality

Industry Challenges and Opportunities

- Challenges: Increasing regulatory scrutiny, competition from banks, and external economic uncertainties.
- Opportunities: Untapped potential in rural credit markets, especially for non-agricultural segments and microfinance.
- Financial indicators: Growth in loan portfolios, credit-to-GDP ratio, and market share vis-à-vis scheduled commercial banks.
- Profitability: Generally strong due to higher interest margins and efficient credit deployment strategies.

(Source: prospectus)



Key Managerial Personnel

Nirmal Kumar Jain, aged 57 years, is one of the Promoters, Chairman and Managing Director of the Company. He has been on the Board of Directors of the Company since 1996. He is a qualified Chartered Accountant. He has been awarded with CA Business Leader Corporate (2nd Rank) at the C.A. Corporate Leader Exxact Awards Function organized by Committee for Members in ICAI in 2008. He has more than 25 years of experience in the finance terrain. He has played a significant role in the growth of the Company.

Manju Devi Jain, aged 50 years, is one of the Promoters of the Company. Her qualification is completed till under matriculation. She possesses approximately 12 years of experience in the finance industry. As on date of filing of this Red Herring Prospectus, Ms. Manju Devi Jain holds 11,61,480 Equity Shares representing 3.67% of the subscribed and paid-up Equity Share capital of the Company.

Dipesh Jain, aged 30 years, is one of the Promoter of the Company. He has done Bachelor of Architecture. He possesses approximately 4.5 years of experience in the architecture and real estate construction. He holds the positions/posts as a Body Corporate DP Nominee in Akme Sarvoday Dreamventures LLP and Akmedream Homes LLP and as a Director in The Coronation Castles Private Limited and Siddhatva Enclave Private Limited. As on date of filing of this Red Herring Prospectus, Mr. Dipesh Jain holds 6,97,880 Equity Shares representing 2.20 % of the subscribed and paid-up Equity Share capital of the Company.

Ramesh Kumar Jain, aged 46 years, is an Executive Director of the Company. He has been associated with the Company since 2016. He handles the Maharashtra Region Business and looks after all the activities of the Mumbai branch office of the Company. He has more than 7 years of experience.

Rajendra Chittora, aged 59 years, is an Executive Director of the Company. He has been associated with the Company since December 2020. He holds degrees in Bachelor of Science, Master of Science in Electronics, and MBA in Business Development from Mohanlal Sukhadia University, Udaipur. He has been awarded the Long Service Award for his contribution to Tata Motorfinance for 10 years by Tata Motorfinance. He has more than 10 years of experience in the auto finance sector.

Shiv Prakash Shrimali, aged 64 years, is a Non-Executive and Non-Independent Director of the Company. He has been associated with the Company since October 2022. He holds degrees in Bachelor of Science and Masters of Arts in History and MBA (Marketing) from Punjab Technical University (PTU) He is a certified General Insurance Agent. He has completed the Associate Examination of the Indian Institute of Bankers. He was the Chairman of the RMG Bank.

Vimal Bolia Sardarsinghi, aged 48 years, is a Non-Executive Independent Director of the Company. He is a qualified Chartered Accountant. He has been associated with the Company since December 2022. He is presently a director of Kanchan Auto Private Limited and Kanchan NX Private Limited.

Antima Kataria, aged 34 years, is a Non-Executive Independent Director of the Company. She has been associated with the Company since December 2022. She holds degrees in Bachelor of Commerce, Bachelor of Law and Diploma in Labour Law and is qualified as a Company Secretary from the Institute of Company Secretaries of India. She is currently working as a Company Secretary at Dharni Capital Services Limited. She has 2.6 years of work experience as a Company Secretary.

Sanjay Dattatray Tatke, aged 62 years, is a Non-Executive Independent Director of the Company. He has been associated with the Company since January 2023. He holds a degree of Bachelors in Sciencel and MBA in Marketing from B. K. School of Business Management, University of Gujarat. He is a Certified Associate of Indian Institute of Bankers, a Certified Lead Auditor for 267 ISO 9000:2000 from CMC International, United Kingdom and has completed the Strategic Planning and Leadership Program Wharton School.



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Nishant Sharma, aged 36 years, is a Non-Executive Independent Director of the Company. He has been associated with the Company since January 2023. He holds a degree of Bachelor of Commerce. He is a qualified Chartered Accountant. He is presently a director of Dhamu Furnishings and Developers Private Limited.

To conclude, the company has 3 individual promoters and only one of them is the Chairman and the Managing Director of the Company. He has vast experience in the industry in which the company operates in. The Directors of the company have diverse and decent experience overall in the industry in which the company operates in and in the fields which help in the growth of the business. One of the Non-Executive Independent Director, named, Sanjay Dattatray Tatke, has impressive background and experience.


Financial Snapshot

Profit and Loss Statement				(In Cr.)
Particulars	FY 21	FY 22	FY 23	Dec-23
Revenue from Operations	495.22	460.92	595.50	545.55
Other Income	17.81	9.92	18.83	12.31
Total Income	513.03	470.84	614.32	557.86
Expenses				
Cost of Materials Consumed	198.47	194.90	226.10	225.29
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	37.00	-24.21	-38.77	-49.25
Purchases of Traded Goods	0.96	1.14	2.89	0.02
Employee Benefit Expenses	73.96	79.30	110.95	103.24
Finance Costs	27.13	25.34	29.90	27.93
Depreciation and amortisation expenses	35.54	35.90	37.73	33.29
Other expenses	131.14	145.19	225.15	198.32
Total Expenses	504.20	457.55	593.95	538.83
Earnings Before Interest, Taxes, Depreciation & Amortization	53.81	64.61	69.18	67.94
EBITDA Margin	10.86%	14.02%	11.62%	12.45%
Profit before profit/ loss from joint venture, exceptional and extraordinary items and tax	8.83	13.29	20.37	19.03
Add : Share in profit/(loss) of jointly controlled Entity	0.12	-	-	-
Profit before exceptional and extraordinary items and tax	8.95	13.29	20.37	19.03
Profit/(Loss) before tax	8.95	13.29	20.37	19.03
Tax Expense				
Current Tax	7.31	6.78	8.53	4.30
Deferred Tax Expense / (credit)	-12.44	-1.38	-1.09	1.00
Income tax for earlier years	-0.13	-0.30	-0.03	-0.61
Total Tax Expense	-5.26	5.10	7.40	4.69
Restated Profit for the Period/Year	14.21	8.20	12.97	14.34
(A) Items that will not be reclassified to Statement of Profit and Loss	0.26	0.10	-0.65	-1.21
(B) Items that will be reclassified to Statement of Profit and Loss	1.96	-0.29	-0.67	-0.09
Profit/(Loss) for the year	16.43	8.00	11.66	13.03
Net Profit Margin	2.77%	1.74%	2.11%	2.57%

Balance Sheet				(In Cr.)
Particulars	FY 21	FY 22	FY 23	Dec-23
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	360.07	345.39	364.76	364.47
Capital Work-in-Progress	2.00	4.27	3.49	53.55
Right of Use Assets	4.59	4.34	10.41	22.22
Goodwill	2.71	2.71	2.71	2.71
Intangible assets	2.26	1.86	2.65	2.80
Financial Assets				
(i) Investments	0.01	0.01	0.01	0.01
(ii) Other Financial Assets	5.35	9.27	7.38	5.98
Deferred Tax Assets (Net)	2.07	2.48	3.20	3.44
Other non-current Assets	2.53	5.43	9.66	19.22
Total Non-Current assets	381.61	375.76	404.27	474.39
Current Assets				
Inventories	184.26	242.03	289.18	421.43
Financial Assets				
(ii) Trade Receivables	198.46	153.43	172.78	174.51



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IPO Note

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Balance Sheet				(In Cr.)
(iii) Cash and Cash Equivalents	5.05	0.34	1.82	1.41
(iv) Bank Balances other than (iii) above	27.44	24.93	30.98	34.67
(vi) Other Financial Assets	1.23	0.70	8.10	7.59
Other current assets	37.84	48.21	59.14	57.02
Total Current assets	454.27	469.64	561.99	696.62
Total Assets	835.88	845.40	966.26	1,171.01
EQUITY AND LIABILITIES				
Equity				
Share Capital	15.69	10.61	10.61	53.04
Other Equity	438.63	401.37	413.04	385.01
Total Equity	454.32	411.98	423.64	438.05
Liabilities				
Non-current liabilities				
Financial Liabilities				
(i) Long term borrowings	51.31	46.82	61.82	82.40
(ii) Lease Liabilities	4.06	4.04	8.82	17.47
Deferred Tax Liabilities (Net)	21.23	20.30	19.71	20.53
Provisions	1.05	0.14	0.15	0.14
Other Non-Current Liabilities	0.93	0.96	2.09	2.90
Total Non-current liabilities	78.59	72.26	92.58	123.44
Current liabilities				
Financial Liabilities				
(i) Short term borrowings	205.85	238.54	290.80	324.74
(ii) Lease Liabilities	0.94	0.99	2.32	5.59
(iii) Trade Payables				
-total outstanding dues of micro enterprises and small enterprises	2.38	4.50	4.34	11.61
-total outstanding dues of creditors other than micro enterprises and small enterprises	75.11	99.13	127.73	218.54
(iv) Other Financial Liabilities	2.91	4.13	8.16	8.98
Other current liabilities	14.24	11.53	11.23	35.17
Short term provisions	1.40	1.94	2.48	4.31
Current tax liabilities (Net)	0.14	0.41	2.96	0.58
Total Current liabilities	302.97	361.16	450.03	609.52
Total Liabilities	381.56	433.42	542.62	732.97
Total Equity and Liabilities	835.88	845.40	966.26	1,171.01

Cash Flow Statement				(In Cr.)
Particulars	FY 21	FY 22	FY 23	Dec-23
Net Cash Flow from Operating Activities	95.54	67.15	13.94	69.71
Net Cash Flow from Investing Activities	-6.77	-22.15	-51.97	-94.82
Net Cash Flow from Financing Activities	-87.59	-49.72	39.51	24.71

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Dec-23*
Per Share Data				
Diluted EPS	2.44	1.53	2.45	2.91
BV per share	112.86	106.73	108.42	164.54
Operating Ratios				
EBITDA Margins	10.86%	14.02%	11.62%	12.45%
PAT Margins	2.77%	1.74%	2.11%	2.70%
Inventory days	135.81	191.67	177.25	212.43
Debtor days	146.27	121.50	105.90	87.96
Creditor days	141.82	192.95	210.52	280.91
Return Ratios				



Akme Fintrade India Limited

IPO Note

Recco – **AVOID**



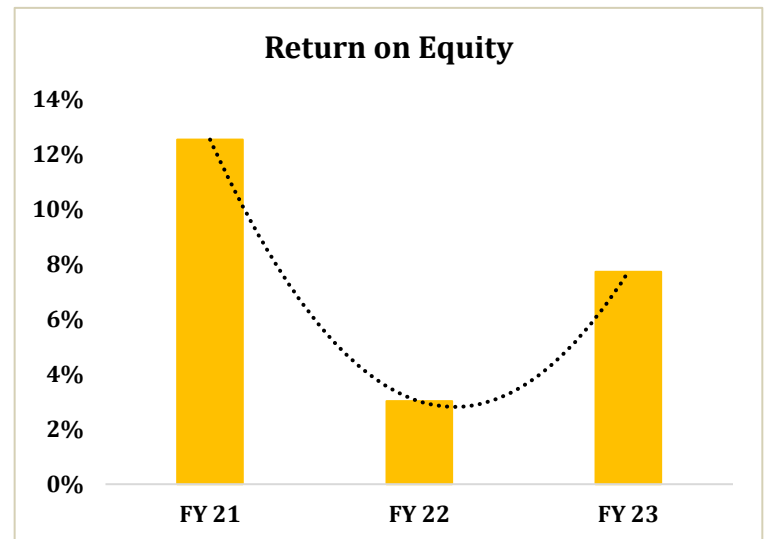
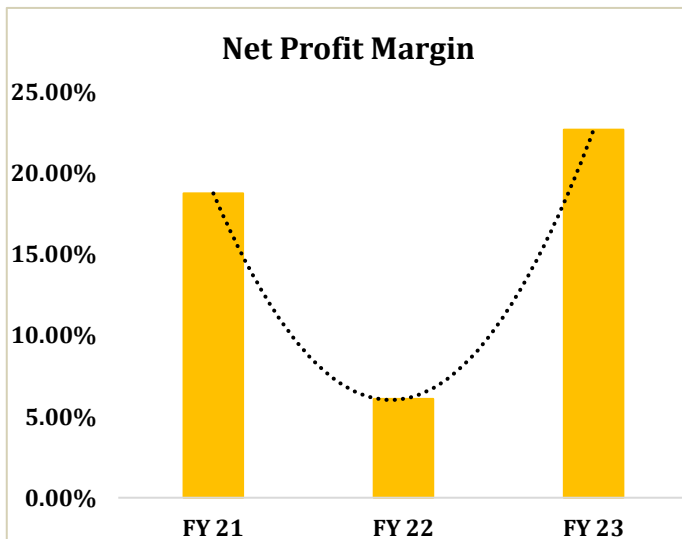
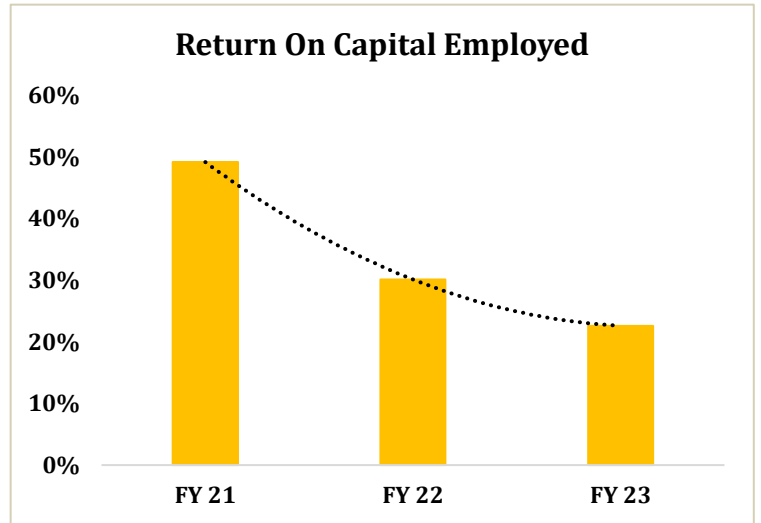
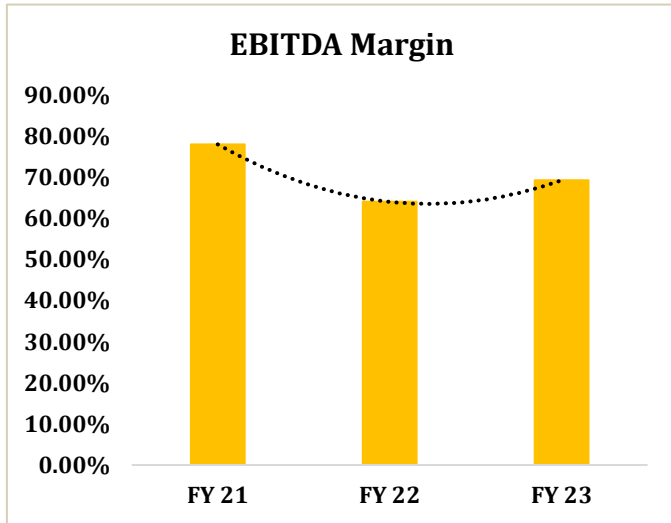
Particulars	FY 21	FY 22	FY 23	Dec-23*
RoCE	3.43%	5.93%	6.09%	5.17%
RoE	3.62%	1.94%	2.75%	2.47%
Valuation Ratios (x)**				
EV/EBITDA	13.13	10.79	11.20	13.43
Market Cap / Sales	2.83	3.04	2.35	1.93
P/E	83.20	132.68	82.86	69.83
Price to Book Value	1.80	1.90	1.87	1.23
Solvency Ratios				
Debt / Equity	0.57	0.69	0.83	0.50
Current Ratio	1.50	1.30	1.25	1.14
Quick Ratio	0.89	0.63	0.61	0.45
Asset Turnover	0.59	0.55	0.62	0.47
Interest Coverage Ratio	0.67	1.13	1.05	1.24

*Annualized Figures

*Valuation Ratios are calculated using the current Issue Price.



Financial Charts



Key Risk Factors

1. The Company experienced decline in Net profit of 67.53% and 22.46% for FY22 and for the period Dec23 respectively. Their inability to achieve these goals may have an adverse effect on the business, results of operations, cash flows and financial condition.
2. There are certain outstanding legal cases involving the Company amounting to Rs. 138.54 Cr. An adverse outcome of which may adversely affect the business, reputation, cash flows and results of operations. (RISK 13)
3. The company has experienced negative cash flows in Operating activities amounting to Rs. 21.29 Cr., which could have a material adverse effect on our business, cash flows and results of operations.
4. The Company has an attrition rate of 15.79%, 19.71%, 7% and 40% for the period ended on Dec23, FY23, FY22 and FY21.

**Track Record of Lead Manager(s)**

The lead manager to the issue is Gretex Corporate Services Limited. A table has been set below highlighting the details of the IPO of the last 10 companies handled by the Lead Manager in recent times –

Gretex Corporate Services Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Associated Coaters Limited	5.11	121.00	Jun 06, 2024	163.50
2.	Owais Metal and Mineral Processing Limited	42.69	87.00	Mar 04, 2024	1,266.55
1.	Zenith Drugs Limited	40.68	79.00	Feb 27, 2024	66.75
2.	Interiors and More Limited	42.00	227.00	Feb 23, 2024	282.00
3.	AMIC Forging Limited	34.80	126.00	Dec 06, 2023	1,209.95
4.	Kalyani Cast Tech Ltd	30.11	139.00	Dec 06, 2023	469.50
5.	Transtee Seating Technologies Limited	49.98	70.00	Nov 06, 2023	72.10
6.	Shelter Pharma Limited	16.03	42.00	Aug 23, 2023	51.80
7.	Comrade Appliances Limited	12.30	54.00	Jun 13, 2023	92.00
8.	Innokaiz India Limited	21.17	78.00	May 11, 2023	44.45
9.	Retina Paints Limited	11.10	30.00	May 03, 2023	80.00
10.	Sudarshan Pharma Industries Ltd	50.10	73.00	Mar 22, 2023	72.86

The company has handled 24 mandates in the past three years (including the current year)

*CMP for the above-mentioned companies is taken as of 15th June 2024.

As per the offer document, from the above-mentioned mandates 1 have opened at a discount and the remaining mandates have opened at premiums on the listing day.



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IPO Note

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Recommendation

The company has been in the industry since 1996 and thus has vast and diversified business experience in the industry. The company's management overview is satisfactory.

The P/E on a post-IPO and annualized basis is around 29.60 times which makes the Company slightly overvalued by comparing to its Sector P/E which is 21.30 times.

The company operates in a competitive segment. The company has seen decrease in its top line and fluctuating bottom line over the years.

The company, even though having a track record of close to two decades has not been able to capture significant market. Thus, we believe one can **AVOID** to this IPO.



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IPO Note

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Disclaimer

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