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Issue Offer

Fresh Issue of 1,10,00,000 shares aggregating upto INR 1,320 mn.

Issue Summary

Price Band (INR)	114 to 120
Face Value (INR)	10
Implied Market Cap (INR mn.)	5,120
Market Lot	125 shares
Issue Opens on	June 19, 2024
Issue Close on	June 21, 2024
No. of share pre-issue	31,674,996
No. of share post issue	42,674,996
Listing	BSE - NSE
Issue Break-up (%)	
QIB Shares Offered	<50%
Retail Shares Offered	<35%
NII (HNI) Shares Offered	<15%

Book Running Lead Managers

Gretex Corporate Services Limited

Registrar

Bigshare Services Private Limited

Shareholding Pattern

	Pre-Issue	Post-issue
Promoters	56.01%	41.57%
Public & Others	43.99%	58.43%

Objects of the issue

- The company proposes to utilize the Net Proceeds from the Issue towards augmenting the capital base of the company to fulfil its future capital requirements, which are anticipated to arise as a result of the expansion of the business and assets. Further, a portion of the proceeds from the Issue will be used towards meeting Issue-related expenses.

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Incorporated in the year 1996, Akme Fintrade India Limited is a NBFC registered with the Reserve Bank of India as a Non-systemically important non-deposit taking company with over 20 years of lending experience in rural and semi-urban geographies. They operate across 4 Indian states - Rajasthan, Maharashtra, Madhya Pradesh and Gujarat. The company focuses on vehicle financing and business loans to small businesses and SMEs. With 12 branches and over 25 points of presence, including digital and physical branches, it has served over 200,000 customers. 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.

Investment Rationale

Strong rural and semi-urban focus: Akme Fintrade India Ltd has a customer centric approach and deep understanding of target customers. They have a long history of serving rural and semi-urban markets with high growth potential and have maintained a track record of financial performance and operational efficiency through consistently high rates of customer acquisition and retention and low cost expansion into underpenetrated areas. We believe the company is well – positioned to leverage the growing credit demand in rural and semi-urban markets.

Well established Vehicle Finance, small businesses lending business: As of December 31, 2023, the Vehicle Finance Credit Exposure amounted to INR 787.9mn. 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. Business Finance accounted for INR 3,794.6mn., with SME/business loans comprising 79.23% of the total credit exposure, amounting to INR 3,006.6mn.

Hub and Spoke business model that improves efficiencies and decreases costs: Companies branches are the “hubs” and their points of sale are “spoke”. Their registered office and branches perform functions in respect of sales and credit, operations, risk containment unit, legal and technical checks and collections while, spokes are the smaller locations having points of sale, which are in Tier 3 and Tier 4 cities. The primary focus of smaller locations is to source new loans and provide doorstep services to the customers. Each “hub” typically supports spokes. We believe this model allows the company to penetrate into underserved markets with relatively low costs and will help them to optimize customer reach.

Valuation and View:

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. As of December 2023, the company’s business loan segment, which constitutes 76.08% of the total loan book, has experienced a degrowth of 21.08% from March 2023 levels and the Gross Non-Performing Assets in this segment have increased by 4.56%. We expect the segment’s performance to improve going forward. Post-IPO, the issue is valued at a Price-to-Book value (P/Bv) of 2.5x at the upper price band of INR 120. We recommend "Subscribe for listing gain" for this issue.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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