



**Press Release**  
**Aarsh Fincon Limited (Erstwhile Akme Fincon Limited)**  
**January 31, 2024**

**Rating Reaffirmed and Partly Withdrawn**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	14.44	ACUITE BBB-   Reaffirmed & Withdrawn	-
Bank Loan Ratings	33.52	ACUITE BBB-   Stable   Reaffirmed	-
Bank Loan Ratings	2.04	Not Applicable   Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	33.52	-	-
Total Withdrawn Quantum (Rs. Cr)	16.48	-	-

**Rating Rationale**

Acuite has Reaffirmed the long term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) to the Rs. 33.52 Cr. bank loan facilities of AARSH FINCON LIMITED (ERSTWHILE AKME FINCON LIMITED) (AFL). The outlook is **Stable**

Acuite has Withdrawn the rating on the Rs. 2.04 Cr. bank loan facilities of AARSH FINCON LIMITED (ERSTWHILE AKME FINCON LIMITED). The rating has been withdrawn as applicable for the respected instrument/facility as per Acuite's policy of withdrawal of ratings after receiving the client's withdrawal request and the NDC received from the banker.

Acuite has Reaffirmed and withdrawn the long term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) to the Rs. 14.44 Cr. bank loan facilities of AARSH FINCON LIMITED (ERSTWHILE AKME FINCON LIMITED). The rating has been withdrawn as applicable for the respected instrument/facility as per Acuite's policy of withdrawal of ratings after receiving the client's withdrawal request.

**Rationale for the Rating**

The rating reaffirmation is primarily driven by experienced management, established presence in its areas of operation and adequate capitalization level. The rating takes into account the ability of the company to raise funds through equity infusion at regular intervals (Rs 2.52 Cr. during FY2023; Rs 1.20 Cr. during FY2022) and expectations of further equity infusion in near to medium term. As a result of the equity infusion during FY2023 by the existing promoters, the company's capitalization stood at 45.80 percent as on March 31, 2023. The rating also takes into account rebound in collection efficiency levels with average collection efficiency for 6 months ended December 31, 2023 stood at ~93.13 percent.

The rating is, however, constrained by modest scale of operations coupled with modest financial performance and geographic concentration. The company reported an AUM Rs 71.70 Cr as on March 31, 2023 (Rs 65.42 Cr as on March 31, 2022). The company's PAT moderated to Rs 2.94 Cr as on March 31, 2023 from Rs 3.56 Cr as on March 31, 2022 owing to muted growth in interest income. The company's on time portfolio stood at 89.70 percent [March 31, 2022: 89.79 percent] with a GNPA of 2.28 percent as of March 31, 2023. AFL's portfolio is exposed to high geographical concentration risk, as 81.40 percent of the total

portfolio is concentrated in only state of Rajasthan as of September 30,2023.

## About the company

Udaipur based; AARSH Fincon Limited( ERSTWHILE AKME FINCON LIMITED) was incorporated in 1996 as a non-deposit taking non-banking finance company (NBFC). The company is engaged in financing of two wheelers, three/four wheelers, commercial vehicles and loan against property (LAP) towards SME borrower base. AFL is promoted and managed by Mr. Anil Kumar Jain. The company presently operates through a network of 58 branches spread across Rajasthan, Madhya Pradesh, Maharashtra Orissa and Gujarat.

## Unsupported Rating

None

## Analytical Approach

Acuité has considered the standalone business and financial risk profile of AARSH FINCON LIMITED to arrive at the rating.

## Key Rating Drivers

### Strength

#### Experienced Management:-

AARSH FINCON LIMITED (AFL), a Non-Deposit accepting Non-Banking Financial Company, commenced its operations in 1996. The operations of the company are managed by Mr. Anil Kumar Jain (Managing Director). He has over two decades of experience in non-banking and financial services. Mrs Shilpa Jain (Executive Director) and Mrs Vimal Jain (Executive Director) actively manage and improvise the day to day operations of the company. Mr Praveen Kumar (Additional Director) is responsible for corporate administration & relationship management. Further, AFL has long track record of operations in the vehicle financing segment. The company's AUM stood at Rs 71.70 Cr as on March 31, 2023 and Rs 65.42 Cr as on March 31, 2022. The company's disbursements stood at Rs.36.68 Cr. in FY2023 as against Rs.28.82 Cr. in FY2022. AFL's portfolio comprises of vehicle financing ~68.92percent and LAP of 31.08 percent as on September 30, 2023.

Acuité believes that AFL will continue to benefit from its established presence in the financial services industry along with the experienced promoters.

#### Healthy Capitalization levels:

The company's AUM stood at Rs Rs 71.70 Cr as on March 31, 2023 and Rs 65.42 Cr as on March 31, 2022. The networth stood at Rs 40.38 Cr as on March 31, 2023 as against Rs 34.91 Cr as on March 31, 2022. AFL's Capital Adequacy Ratio (CAR) stood at 45.80 percent as on March 31, 2023, which marginally deteriorated from 48.14 percent as on March 31, 2022 owing to increase in risk weighted assets. The Promoters infused Rs 1.20 Cr during FY2022 and Rs 2.52 Cr during FY2023.

Acuite believes that AFL will benefit from continued support of Management going forward.

### Weakness

#### Moderate asset quality and financial performance

AFL's asset quality has been moderate marked by on-time portfolio of 89.70 percent as on March 31, 2023 from 89.90 percent as on March 31, 2022. GNPA and NNPA levels stood at 2.28 percent and 1.94 percent as on March 31, 2023 as against 2.39 percent and 2.03 percent as on March 31, 2022. AFL registered operating income of Rs. 8.80 Cr. in FY2023 as against Rs.8.93 Cr. in FY2022. NIM and ROAA stood at 12.28 per cent and 3.51 per cent for FY2023 as compared to 13.40 per cent and 4.87 per cent for FY2022, respectively. Company's PAT has reduced marginally to Rs 2.94 Cr as on March 31, 2023 compared to Rs 3.56 Cr as on March 31, 2022.

Acuite believes that going forward ability of the company to grow its loan portfolio while improving its profitability will be key monitorable.

#### Modest scale of operations coupled with geographic concentration risk

The company has modest scale of operations with an outstanding loan portfolio of Rs. 71.70

Cr as on March 31, 2023, as compared to Rs 65.42 Cr. as on September 30, 2023. AFL's portfolio is exposed to high geographical concentration risk, as 81.40 per cent of the total portfolio is concentrated in only state of Rajasthan. However, AFL has expanded to Gujarat, Maharashtra, Madhya Pradesh, and Orissa to minimize the geographic concentration risk. The company has plans for branch expansion in New Delhi . Generally, the risk profile of NBFCs with a geographically diversified portfolio is more resilient compared to that of entity with a geographically concentrated portfolio.

Acuité believes that modest scale of operations coupled with geographic concentration in its portfolio will continue to weigh on the company's credit profile over the near to medium term.

#### Rating Sensitivity

Movement in collection efficiency and asset quality

Movement in liquidity buffers

Movement in profitability parameters

Changes in regulatory environment

#### Liquidity Position

##### Adequate

AFL's ALM statement as on September 30, 2023 shows positive cumulative mismatch in all the buckets and its liquidity position is adequate marked by monthly collections efficiency of approximately 94.44%. AFL has Rs.13.09 Cr of repayment towards borrowings within one year and Rs 30.88 Cr of principal collections come due within one year, which seems to be a managed liquidity situation . Acuité believes that the ability of the company to raise long term funding and improve collections will be critical to maintaining liquidity profile at adequate levels.

#### Outlook: Stable

Acuité believes that AFL will benefit from its experienced promoters in the near to medium term. The outlook may be revised to 'Positive' in case of higher than expected growth in loan book, equity infusion, improvement in key operating metrics and liquidity. The outlook may be revised to 'Negative' in case of any headwinds faced in scaling up of operations or in case of any challenges in maintaining its asset quality and profitability metrics or any deterioration in liquidity position.

#### Other Factors affecting Rating

None

#### Key Financials - Standalone / Originator

Particulars	Unit	FY23 (Actual)	FY22 (Actual)
Total Assets	Rs. Cr.	93.46	73.89
Total Income*	Rs. Cr.	8.80	8.93
PAT	Rs. Cr.	2.94	3.56
Networth	Rs. Cr.	40.38	34.91
Return on Average Assets (RoAA)	(%)	3.51	4.87
Return on Net Worth (RoNW)	(%)	7.81	10.96
Total Debt / Tangible Net Worth (Gearing)	Times	1.25	1.07
Gross NPA	(%)	2.28	2.39

Net NPA	(%)	1.94	2.03
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\*Total income equals to Total Income net off interest expense

Ratios as per Acuité calculations

### **Status of non-cooperation with previous CRA (if applicable):**

Not Applicable

### **Any other information**

None

### **Applicable Criteria**

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Banks And Financial Institutions: <https://www.acuite.in/view-rating-criteria-45.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>

### **Note on complexity levels of the rated instrument**

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
11 Nov 2022	Term Loan	Long Term	0.17	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.48	ACUITE BBB-   Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	6.49	ACUITE BBB-   Stable (Reaffirmed)
	Dropline Overdraft	Long Term	0.50	ACUITE BBB-   Stable (Reaffirmed)
	Cash Credit	Long Term	24.58	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.97	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.72	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.47	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.90	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	3.72	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE BBB-   Stable (Reaffirmed)
03 Nov 2022	Cash Credit	Long Term	24.58	ACUITE BBB-   Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	6.49	ACUITE BBB-   Stable (Reaffirmed)
	Dropline Overdraft	Long Term	0.50	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	3.72	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.90	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.72	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.47	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.17	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.97	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.48	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.63	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.44	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.75	ACUITE BBB- (Withdrawn)
	Term Loan	Long Term	2.00	ACUITE BBB-   Stable (Reaffirmed)
	Proposed Non Convertible	Long		

05 Aug 2021	Debtentures	Term	25.00	ACUITE BBB- (Withdrawn)
	Term Loan	Long Term	0.63	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.39	ACUITE BBB-   Stable (Reaffirmed)
	Cash Credit	Long Term	25.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	2.52	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.83	ACUITE BBB- (Withdrawn)
	Term Loan	Long Term	0.39	ACUITE BBB-   Stable (Reaffirmed)
	Secured Overdraft	Long Term	3.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.91	ACUITE BBB-   Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	12.09	ACUITE BBB-   Stable (Reaffirmed)
23 Jun 2021	Term Loan	Long Term	1.39	ACUITE BBB- ( Issuer not co-operating*)
	Cash Credit	Long Term	25.00	ACUITE BBB- ( Issuer not co-operating*)
	Term Loan	Long Term	2.73	ACUITE BBB- ( Issuer not co-operating*)
	Cash Credit	Long Term	3.00	ACUITE BBB- ( Issuer not co-operating*)
	Proposed Non Convertible Debtentures	Long Term	25.00	ACUITE BBB- ( Issuer not co-operating*)
	Term Loan	Long Term	0.83	ACUITE BBB- ( Issuer not co-operating*)
	Term Loan	Long Term	4.44	ACUITE BBB- ( Issuer not co-operating*)
	Term Loan	Long Term	1.39	ACUITE BBB- ( Issuer not co-operating*)
	Term Loan	Long Term	3.78	ACUITE BBB- ( Issuer not co-operating*)
	Proposed Bank Facility	Long Term	3.52	ACUITE BBB- ( Issuer not co-operating*)
	Term Loan	Long Term	1.78	ACUITE BBB- ( Issuer not co-operating*)
	Term Loan	Long Term	1.39	ACUITE BBB- ( Issuer not co-operating*)
	Term Loan	Long Term	0.75	ACUITE BBB- ( Issuer not co-operating*)



## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	14.73	ACUITE BBB-   Stable   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	9.85	ACUITE BBB-   Reaffirmed & Withdrawn
A U Small Finance Bank	Not avl. / Not appl.	Dropline Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.50	Not Applicable   Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	6.49	ACUITE BBB-   Stable   Reaffirmed
Moneywise Financial Services Private Ltd.	Not avl. / Not appl.	Term Loan	21 Jan 2022	Not avl. / Not appl.	05 Feb 2024	Simple	0.19	ACUITE BBB-   Stable   Reaffirmed
MAS Financial Service Ltd.	Not avl. / Not appl.	Term Loan	22 Aug 2022	Not avl. / Not appl.	25 Aug 2025	Simple	0.97	ACUITE BBB-   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	30 Aug 2022	Not avl. / Not appl.	31 Dec 2027	Simple	10.00	ACUITE BBB-   Stable   Reaffirmed
MAS Financial Service Ltd.	Not avl. / Not appl.	Term Loan	14 Oct 2021	Not avl. / Not appl.	19 Oct 2024	Simple	0.28	ACUITE BBB-   Stable   Reaffirmed
Shriram Transport Finance Company Ltd.	Not avl. / Not appl.	Term Loan	11 Oct 2021	Not avl. / Not appl.	10 Apr 2024	Simple	0.86	ACUITE BBB-   Stable   Reaffirmed
Shriram Transport Finance Company Ltd.	Not avl. / Not appl.	Term Loan	11 Oct 2021	Not avl. / Not appl.	10 Apr 2024	Simple	2.86	ACUITE BBB-   Reaffirmed & Withdrawn
MAS Financial Service Ltd.	Not avl. / Not appl.	Term Loan	14 Oct 2021	Not avl. / Not appl.	19 Oct 2024	Simple	0.44	ACUITE BBB-   Reaffirmed & Withdrawn
Ashv Finance (formally known as Intellegrow)	Not avl. / Not appl.	Term Loan	30 Jan 2021	Not avl. / Not appl.	05 Feb 2023	Simple	0.47	Not Applicable   Withdrawn
MAS	Not							



Financials Services Limited	avl. / Not appl.	Term Loan	11 Sep 2020	Not avl. / Not appl.	20 Sep 2023	Simple	0.17	Not Applicable   Withdrawn
National Bank for Agriculture and Rural Development (NABARD)	Not avl. / Not appl.	Term Loan	30 Jul 2021	Not avl. / Not appl.	31 Jan 2023	Simple	0.90	Not Applicable   Withdrawn
Moneywise Financial Services Private Ltd.	Not avl. / Not appl.	Term Loan	21 Jan 2022	Not avl. / Not appl.	05 Feb 2024	Simple	1.29	ACUITE BBB-   Reaffirmed & Withdrawn

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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