



Press Release
AHALIA FINFOREX LIMITED
January 15, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.00	ACUITE BBB- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	100.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned the long term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs 100.00 Cr. Bank loan facilities of Ahalia Finforex Limited (AFL). The outlook is '**Stable**'.

Rationale for rating assigned

The assigned rating factors in support received from the promoter group which is Ahalia Group, followed by healthy growth in AUM of 36 percent from Rs 162.83 Cr. in FY 23 to Rs 222.91 Cr. in FY24. AFL is backed by the support from the promoters group; Ahalia Group and an experienced management team. Additionally, the company has seen an increase in networth from Rs 49.41 Cr. in FY 23 to Rs 67.36 Cr. in FY 24 with total debt which stood at Rs.174.09 Cr. for FY 24 and Rs 129.99 Cr. for FY 23. The company had a resulting debt/equity ratio of 2.49 times and 2.50 times for FY23 and FY24 respectively. However, the rating is constrained by moderation in asset quality, small scale of operations along with geographic concentration in the state of Kerala. The GNPA and NNPA increased from 2.46 percent and 1.97 percent in FY23 to 3.92 percent and 2.76 percent respectively in FY 2024.

About the company

Ahalia Finforex Limited was incorporated in the year 2001 with its head office located in Kerala. The company was previously known as Ahalia Money Exchange and Financial Services Private Limited (AMEFSPL), whose constitution and name was changed to Ahalia Finforex Limited. It is engaged in extending credit facilities in the form of Gold Loans, Loans against Property, Vehicle Loans and Personal Loans. With the lending business, it also operates its traditional money exchange division which offers a range of services including remittances, foreign currency purchases and sale with AD – 2 license availed in FY24, also providing PAN card related services, Visa and Passport services and Travel Card services. Company managed by Mr. Rajesh Puthanveedu, Mr. Dinil Ramachandran Manayil, Mr. Vettikuzhiyil Sankaran Nair Bhuvanendran, Mr. Sriyani Kumuduni Rathnayaka Ekanayaka Mudiyansele, Mr. Vazhoor Sreenivasan Gopalan and Mr. Kuriachen Kuriakose Padashery.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered standalone business and financial risk profile of Ahalia Finforex Limited to arrive at the rating.

Key Rating Drivers

Strength

Strong promoter support and management team

The company is well supported by the promoter group Ahalia Group which is headquartered in Abu Dhabi. The promoter is Dr. VS Gopal, Chairman of Ahalia Group who has over three decades of experience in General Medicine and has established Ahalia Group in the UAE and in the state of Kerala in India, mainly in the fields of healthcare, foreign exchange and education. The Managing director of Ahalia Finforex Limited is Mr N. Bhuvanendran has over two decades of experience in the financial sector. The promoters of Ahalia Group are also the directors in Ahalia FinForex Limited. Ahalia Finforex Limited additionally receives support by the means of equity infusions from the promoters.

Healthy growth in AUM and earning profile

The Company has seen healthy growth in AUM which grew by ~36 percent to Rs. 222.91 Cr. as on March 31, 2024 as compared to Rs. 162.83 Cr. as on March 31, 2023 (Rs.110.73 Cr. as on March 31, 2022). Ahalia Finforex Limited's gold loan portfolio contributed 45 percent of the total loan portfolio followed by the vehicle loan and property loans that together contributed ~36 percent of the loan portfolio for FY 2024 as compared to FY 2023, where the gold loan portfolio contributed ~ 41 percent of the total loan portfolio followed by the vehicle and property loans that together contribute ~39 percent of the loan portfolio. The company made disbursements of Rs 375.94 Cr. in FY 2024 as against disbursements of Rs 318.00 Cr. in FY 2023. The company provides foreign exchange services as an Authorised Dealer Category-II Money changer which includes foreign currency exchanges and remittances. The Company is the sub-broker for Kotak Securities and provide services in equity brokering and mutual funds. The company's earning profile indicated by the PAT stood at Rs 7.55 Cr for FY 23 and marginally increased to Rs 7.58 Cr. for FY 24. The company has earned a profit of Rs 6.29 Cr. as on September 30, 2024 (Prov.).

Acuité believes that going forward the ability of the company to maintain comfortable asset quality and growth momentum in AUM will be key rating sensitivity.

Weakness

Modest capital structure:

The company's capital structure is marked by Networth of Rs. 67.36 Cr. as on March 31, 2024 as compared to Rs 49.41 Cr. as on March 31, 2023 and total debt of Rs. 174.09 Cr. for FY 24 and Rs 129.99 Cr. for FY 23 resulting in a debt/equity ratio of 2.49 times and 2.50 times for FY23 and FY24 respectively. Acuité believes that the company's ability to manage its gearing levels will be a key monitorable and infusion of capital would be required for containing gearing levels and to support business growth.

Moderate Asset Quality

The company has experienced moderation in its asset quality, indicated by the GNPA which stood at 3.92 percent for FY 24 with the NNPA at 2.76 percent. From April 24-October 2024, the GNPA improved and stood at 3.63 percent and the NNPA for the same period stood at 2.35 percent respectively. The on time portfolio is ~83 percent for FY 2024 and ~81percent till October 2024. The GNPA and NNPA till Nov 24 further improved to 3.29 percent and 1.87 percent respectively. The average collection efficiency for FY 24 stood at 93.6 percent and 93.8 percent for the period from April to October 2024. Going forward, the company's ability to maintain its asset quality and provisioning requirements while growing profitably will remain a key rating monitorable.

Geographical concentration risk:

AFL is a limited company and a subsidiary of Ahalia Group which started business in India in the state of Kerala. The Company obtained their FFMC license in 2001 and further forayed in the lending business after it obtained the NBFC license in 2011 and have been operating in the state for over two decades. Through its lending business, the company's AUM grew from Rs 70.86 Cr. in FY2020 to Rs 222.91Cr. in FY2024. The company has a modest scale of operations with its operations confined to the state of Kerala. It has a branch network of 59 branches across 12 districts in the state. Occurrence of events such as slowdown in economic activity or shifting of activity to other geographies could impact the cash flows of the borrowers, thereby impacting credit profile of AFL's borrowers. The operations will remain confined to the state of Kerala over the medium term. Going forward, Acuité believes that geographical concentration will continue to weigh on the company's credit profile.

Rating Sensitivity

- Movement in capital structure
- Movement in profitability metrics
- Movement in Asset Quality and Collection efficiency.
- Geographical concentration

Liquidity Position

Adequate

AFL's overall liquidity profile remains adequate with no negative cumulative mismatches in near to medium term as per ALM dated March 31, 2024. Ahalia Finforex has encumbered a Cash and cash equivalents (inclusive of foreign currency) is Rs.10.94 Cr. as on March 31, 2024.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials - Standalone / Originator

Particulars	Unit	FY24 (Actual)	FY23 (Actual)
Total Assets**	Rs. Cr.	255.34	190.20
Total Income*	Rs. Cr.	32.13	25.82
PAT	Rs. Cr.	7.58	7.55
Net Worth	Rs. Cr.	67.36	49.41
Return on Average Assets (RoAA)	(%)	3.40	4.59
Return on Average Net Worth (RoNW)	(%)	14.55	19.33
Total Debt/Tangible Net worth (Gearing)	Times	2.49	2.50
Gross NPA	(%)	3.92	2.46
Net NPA	(%)	2.76	1.97

*Total income equals to Net interest income plus other income

**Total assets adjusted to Deferred Tax assets

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

None

Any other information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.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. Acuité'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.

Rating History: Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	31 Mar 2023	Not avl. / Not appl.	Not avl. / Not appl.	7.50	Simple	ACUTE BBB- Stable Assigned
South Indian Bank	Not avl. / Not appl.	Cash Credit	16 May 2024	Not avl. / Not appl.	Not avl. / Not appl.	9.00	Simple	ACUTE BBB- Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	33.01	Simple	ACUTE BBB- Stable Assigned
Dhanlaxmi Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUTE BBB- Stable Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	31 Mar 2023	Not avl. / Not appl.	01 Nov 2027	4.94	Simple	ACUTE BBB- Stable Assigned
Federal Bank	Not avl. / Not appl.	Term Loan	29 Apr 2023	Not avl. / Not appl.	01 Apr 2025	1.00	Simple	ACUTE BBB- Stable Assigned
ESAF Small Finance Bank	Not avl. / Not appl.	Term Loan	09 Jan 2023	Not avl. / Not appl.	01 Jan 2026	2.53	Simple	ACUTE BBB- Stable Assigned
Vivrit Capital Private Ltd.	Not avl. / Not appl.	Term Loan	13 Nov 2023	Not avl. / Not appl.	01 Nov 2025	1.67	Simple	ACUTE BBB- Stable Assigned
Vivrit Capital Private Ltd.	Not avl. / Not appl.	Term Loan	13 Nov 2023	Not avl. / Not appl.	01 Nov 2025	3.75	Simple	ACUTE BBB- Stable Assigned
Cholamandalam Investment Finance Company Ltd.	Not avl. / Not appl.	Term Loan	01 Nov 2023	Not avl. / Not appl.	01 Nov 2025	1.85	Simple	ACUTE BBB- Stable Assigned
Indian Overseas Bank	Not avl. / Not appl.	Term Loan	05 Apr 2024	Not avl. / Not appl.	04 Apr 2029	13.75	Simple	ACUTE BBB- Stable Assigned
Vivrit Capital Private Ltd.	Not avl. / Not appl.	Term Loan	18 Mar 2024	Not avl. / Not appl.	17 Jun 2025	3.00	Simple	ACUTE BBB- Stable Assigned
Vivrit Capital Private Ltd.	Not avl. / Not appl.	Term Loan	13 Sep 2024	Not avl. / Not appl.	12 Dec 2025	7.00	Simple	ACUTE BBB- Stable Assigned
Federal Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.00	Simple	ACUTE BBB- Stable Assigned

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About Acuité Ratings & Research

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