



Date: July 19th, 2024

**National Stock Exchange of
India Limited (NSE)**
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra, Mumbai – 400 051
Symbol: AFIL

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Scrip Code: 544200

**Subject: Submission of Transcript of Earnings Conference Call for the Quarter and Financial Year ended
March 31, 2024.**

Dear Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed the transcript of Earnings Conference Call with investors/analysts held on Friday, July 12, 2024 to discuss the Audited Financial Results of the Company for the Quarter and Financial Year ended March 31, 2024 has been made available on the website of the Company under the following link: <https://aasaanloans.com/>

Kindly take same on records

For Akme Fintrade (India) Limited

Manoj Kumar Choubisa
Company Secretary and Compliance Officer
M. No.: A66176

AKME FINTRADE INDIA LTD

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Akme Fintrade (India) Limited
Q4 FY '24 Earnings Conference Call”
July 12, 2024



**MANAGEMENT: MR. NIRMAL KUMAR JAIN – MANAGING DIRECTOR –
AKME FINTRADE (INDIA) LIMITED
MS. RAJNI GEHLOT – CHIEF FINANCIAL OFFICER –
AKME FINTRADE (INDIA) LIMITED
MR. AKASH JAIN – CHIEF EXECUTIVE OFFICER–
AKME FINTRADE (INDIA) LIMITED**

Moderator:

Ladies and gentlemen, good day and welcome to Akme Fintrade (India) Limited's Q4 and FY '24 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. The statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nirmal Kumar Jain, Managing Director of the company. Thank you and over to you, sir.

Nirmal Kumar Jain:

Good afternoon, everyone. I would like to wish you all a very warm welcome to Akme Fintrade (India) Limited Earnings Conference Call for Q4 and Financial Year 2024. I would like to begin with expressing my gratitude to all for taking the time to join us today on call and with me, our KMP Mr. Aakash Jain and Rajni Gehlot are there and from Adfactor, our Investor Relations team is also there.

First of all, I would like to thank all our investors who have shown faith in us and because of your support and trust in us, our IPO was subscribed 55 times. Since this is our maiden earnings conference call, I would like to share a brief background and overview about the company and some key recent developments before we get into business and financial performance.

First of all, I would like to tell you about our company Akme Fintrade (India) Limited, which we incorporated in 1996 under the name of our Gurudev Acharya Khuntusagar, where A stands for Acharya, K for Khuntusagar, M stands for Maharaja and E stands for the followers.

Rural area from where we belong and our Gurudev belongs, and semi-urban areas where banking is still not available and people want to do something, but they are not able to get loan facilities, such needy, deserving people, where collateral security is provided without any compromise, Aasaan loans are available so that they can move forward with their family and make their life easier.

Aasaan loan means that anybody can approach the company for the loan, documentation is easy, the repayment terms are easy, and the company can decide the repayment terms based on the needs of the customers. So today, it's been almost 28 years, we started with two wheelers, then four wheelers, and then business loans.

We are working in the SME business loan sector and we have served more than 2 lakh customers. We not only give loans but also provide them with a platform to move forward and change their lives. The reason why people have joined us in our journey is that there is a

continuous connect with us and through their friends and relatives, this company's business has continued to grow.

We started with two wheelers finance 1996, the main objective behind that was to reach maximum people with minimum risk. And whoever we finances whether it is two wheelers, or four wheelers, or business loans, all are 100% secure, we have given these loans so that, through these products their employment should be generated and their earning should increase. And continuously, by moving forward in this same direction, today we are working in four states. We have 12 branches and 25 business points.

Our roadmap is such that we first appoint salesmen to start a new area, then after reaching a level, we convert them into sales points and then into full-fledge branches. Pre COVID the company has done monthly disbursements of INR 30 crores.

But due to the pandemic, we had to rethink our planning. We concentrated on managing liability and reducing the gearing. We had repaid the liability by paying INR 250 crores during the COVID period. And now we are working on the growth of the company, and we are getting the support that we need for our lenders.

We are working on expansion and definitely our AUM is increasing regularly. We are working on our expansion plan. We will be opening at least 15 new branches and 25 new point of sales this year. We have presence in four states and still there is lot of space for growth in these states.

In Rajasthan, we have covered only 25%-30% of the area. Because wherever we start, we have a connect to the root level. Our collection executive is kept at every taluka level. In the radius of 15-20 kilometer, we have our own people sitting there. We have personal connectivity with each and every customer.

So, we get all the basic information about the customer. What is his market report, the asset quality? What is its credibility, liability, family members, social obligations? So all the basic data that we need is known to us. It is possible that the customers whom we fund, they don't have any document to prove their income. But what is their actual paying capacity, actual asset quality, what is their repayment position, all this is known to us through the ground level connectivity.

When a sales executive is personally aware of the file, if he is satisfied, he logs in the file. Then there is a process and policy. Then there is a credit team, they visit. There are committees in every range, they approve it. And we use full-fledged digital technology for the operations. Every customer who does not have a physical presence can also approach us through digital technology and take advantage of our service through login in.

The IPO that we have brought, we have received so much support from people. Our responsibility is to keep people's trust and entrust upon their trust. The company is committed to the things that we have committed to and have done better. The company has experience for the last 28 years.

We have such a good network. We have such good management. We have such a good experience of the banking industry. We have such good experience of KMP. We have such a good team to move a company forward. We have a vast customer database. So in the future, our vision is not limited to the four states in which we are working.

In the next two to five years, we want to have our presence in the whole of India. And the expansion plan that we are taking, that this year we will open 15 branches, 25 new points. Through that, the three products that we have, we will make all three products available at every counter, and we will serve as much as possible to people.

The regular operations we have been doing in the last two years are definitely improving. And we have full support from the lenders, till date we have worked with 33 lenders. And definitely our track record is very good. We are getting a lot of support from the lenders. And the company is working on right path and the future of Akme Fintrade (India) Limited is definitely going to be very bright.

I believe that in this way we have the support of everyone, the support of the lender, the support of our staff, the quality of our staff and the quality of the policy, procedure and technology that we are able to use. Along with that, we will be 100% successful in our vision and mission.

The people who have trusted us I would assure them that, we are definitely taking the company to the new heights. And I think in the next two to five years, the company's presence will be very big. In the future we will be expanding our presence in four other states, including our adjoining states, like Gurgaon, Delhi. In the next five years, I definitely think that we will have our presence in every state of India. And the company will definitely do a very good job.

And I hope that we will continue to get support from you. And for further development and financial updates, I will request our CEO, Akash Jain to talk to you.

Akash Jain:

Good afternoon to all. Welcome to the first earning call of Akme Fintrade (India) Limited. Like for us this call is our first experience post-listing, so we may have first call jitters, so please excuse us for that.

Let me come to our company business models that in which the company is working. Our targeted customers are from the rural and semi-urban centers, because we believe that we not only run a socially responsible and sustainable business, but also that borrowers in these regions tend to have a lower credit penetration and they are majorly dependent on moneylenders. Further in these markets there is less competition, lower risk of customer migration, better credit behavior and in turn lower delinquency rates.

We also encourage local hiring to stay connected to our customers through personal and digital means and provide them seamless services. We believe that our track record of originating and servicing these loans together with our extensive network positions are favorably to compete in these segments and continue to grow our business.

We carry our -- as explained by our MD, we carry our operations in the format of hub and spoke business model. This model improves efficiency and decreases cost. Our branches are the hubs and our point of sales are spoke. Our registered office and branches perform functions in respect of sales and credit, operations, risk containment units, legal and technical checks and collections. Our spoke are our smaller locations having point of sales. The primary focus of our smaller location is to source new loans and provide doorstep services to our customers. Each hub typically supports spokes. Once we reach an optimal size of business at that location, we convert that spoke into a hub and connect new spokes to that hub. We believe this model allows us to penetrate into underserved markets with relatively low cost and help to optimize customers' reach and turnaround time.

In terms of operational expansion, as our MD has said that currently we are running operations with 12 branches and around 25 to 30 point of presence spread across four states of India. Today, just to give you good news that we have opened our first regional office in Ahmedabad and yesterday we have opened one more branch at Gangapur in Bhilwara district of Rajasthan. Company is planning to open new branches and convert existing point of sales into fully functional branches to expand its operation geographically and further to move into nearby states like NCR and further in Punjab and UP. So this is what company is planning to expand in geographically.

Overall, we see high growth potential in the individual loan segment for Tier 2 and Tier 3 segments. Strong demand and credit gap in the market bode well for the industry, presenting significant growth opportunities. As we are moving towards developed nations by 2047, as what our PM has advised, major growth will definitely come in these regions only.

As the annual income of masses will increase and they will look for opportunities for expanding their business activities and living standards, this will lead to increase in trade growth which is going to benefit the whole NBFC sector as well as our company.

As far as digital transformation journey of the company is concerned, our company is deploying new platform which will help in digitizing the complete operations of the company.

This will help in increasing operational efficiency and reduction in the time period for the whole loan journey from origination to disbursement. The LOS portion of the new software is already implemented and LMS and accounts portion is under UAT which will go live after the completion of UAT and data migration. Company is expecting to go live on this new software in the current financial year only.

Now turning to some of the operational highlights during the last year and the last quarter. So our disbursement for the financial year '23-'24 was INR 97 crores vis-à-vis INR78 crores for the last financial year. Our current AUM is INR426 crores as against INR381 crores for the last year.

We have raised capital through IPO during this current financial year which will help us to increase our leverage position and without increasing any further capital we will maintain the CRAR as per RBI guidelines till we raise debt of INR 1,200 crores. So we won't be requiring

further capital till we raise our debt from currently INR 200 crores to INR 1,200 crores by the raise of this IPO. Still we will maintain the leverage of 3x and maintain the CRAR as per the RBI regulations.

This increase in leverage will help us in improving our ROE. Our ROE has scope to increase since we are currently under leveraged. And adding more debt will definitely increase our ROE which is currently at around 8.32%.

For more financial numbers, I would now like to hand over this call to our CFO, Ms. Rajni Gehlot. Rajni, over to you.

Rajni Gehlot:

Thank you, Akashji. Good afternoon and warm welcome to all the participants. I would like to take you through the key highlights of our performance for the Q4 and financial year 2024. We reported INR18.88 crores in interest income during Q4 of financial year 2024, a 2.77% growth on quarterly basis.

Our EBITDA for the quarter is INR16.36 crores and accordingly the EBITDA margin is 81.56%, higher by 5.71% from corresponding last year's quarter. The PAT during this quarter is INR6.28 crores, increased by 11.90% as against INR5.61 crores in Q4 of FY 2023. Net profit margin increased to 31.33% on quarterly basis as against 26.41% in Q4 of FY 2023. EPS for this quarter is at INR1.98.

Now, if you look at the annual numbers, we reported INR73.50 crores in total income during FY 2024 and last year it was INR69.57 crores, a 5.65% year-on-year growth. Our EBITDA for the year is at INR52.56 crores, increased by 10.95% from last financial year. The EBITDA margin is 71.49%, higher by 3.41% from last year. And profit after tax was increased by 27.62%, that is from INR14.53 crores in last year to INR18.53 crores for the financial year 2024.

Net profit margin stood at 25.21%. The company is operating at a very healthy CRAR of 49.86% as on 31st March 2024. And EPS for the year is at INR5.85. So these are the broad numbers from our side and I firmly believe that as a team, we will leverage our past accomplishments to achieve the business targets, financial and operational goals as we have set for the coming financial year.

Thank you. So now we can take the questions.

Moderator:

Thank you very much, ma'am. We will now begin the question-and-answer session. The first question is from the line of Keshav Kumar from Desvelado Advisory. Please go ahead.

Keshav Kumar:

Sir, my first question is with regards to the disbursement target for FY'25 as well as FY'26.

Nirmal Kumar Jain:

So our disbursement target for FY'25 is somewhere around INR 300 crores that the company is planning to disburse during this financial year as compared to INR 97 crores that we have disbursed in the financial year '24.

Keshav Kumar:

OK and sir, any guidance on the asset under management within the next three to four years?

Nirmal Kumar Jain: So what management has planned and what the management vision is. So by the end of the financial year '25, we are targeting our AUM at around INR 650 crores and we are going to gradually increase this to around INR 2,500 crores by the end of financial year '28.

Keshav Kumar: Okay. And, sir, as mentioned in the DRHP of the company, the company has a higher level of NPAs as compared to some of its peer companies. How is the company looking at that number?

Akash Jain: So the company is aggressively working on reducing its NPA. For the current year, financial year '24, our gross NPA stands at 3.54% which we have significantly reduced from what it was two years earlier, i.e. 4.96%. And our net NPA has come down to 1.75% because of additional provision, management has decided to increase the PCR. So we have additionally provided for around INR3.5 crores to INR3.75 crores of provision this year to increase our provision coverage ratio from a level of 25% to 52%. The company is working diligently in reducing the GNPA or NPA figures and all sort of legal - if required, legal, better collection, touching each and every customer. So we are deploying each and every effort to reduce our NPA levels.

Keshav Kumar: Okay. And, sir, my last question is with regards to the future business expansion plan. As the company raised fresh funds to raise its capital base? So what are its business expansion plans in the future?

Akash Jain: So, as explained earlier also during the call, the company is planning to open new branches. First, we want to expand our presence in the existing states where we are working, the existing four states like Rajasthan, Gujarat, MP and Maharashtra. And then we'll move towards the adjoining states. So the company is planning to open 15 new branches during the current year and start at least 30 to 35 new point of sales from where the leads will be generated for the new loans.

Keshav Kumar: And, sir, in which region are these branches opening, if I may ask?

Akash Jain: So we will move towards the nearby region where currently we are working. Like, if we say we are working in Ahmedabad, so we'll move towards first Rajkot or towards Vadodara, which are nearby regions. So, in that case, this way we have better operational efficiency and better control in the overall management of the loan disbursement and loan collection.

Keshav Kumar: Okay. And, sir, the revenue growth for the year as we see on the December of '23, it was only 6%. And what was the reason for that?

Akash Jain: So, basically, our AUM for the last year has grown only by INR 40 crores, I would say, on AUM side, year-on-year basis. So, since the loan rundown is also happening, that's why in spite of a larger disbursement, our loan book has not shown a significant growth. Because of this reason, interest income growth is only 6% in the total income.

Keshav Kumar: Okay, sir. That is all, sir. Thank you for answering my questions.

Akash Jain: Thank you very much for your questions.

Moderator: Thank you. The next question is from the line of Ashok Jain, an individual investor. Please go ahead.

Ashok Jain: Hi, sir. So in our investor presentation, it's given that 69% of our AUM is in Rajasthan. So isn't that too much exposure in one state of our AUM?

Nirmal Kumar Jain: Yes, definitely. So we started with Rajasthan and our main area of operation is Rajasthan. But now we are expanding our activity in nearby states. Just as told, today we have inaugurated this regional office in Ahmedabad. We are opening three, four branches in Gujarat. So our next expansion will be more in other states like MP, Gujarat and Maharashtra.

Ashok Jain: Okay. And like you said, you'll be entering Delhi and Gurugram also. So what are our risk measures that we take or strategies that we undertake while we penetrate into newer geographies?

Nirmal Kumar Jain: Actually our policy is that we go from known to unknown. We don't go directly to the unknown. For example we have entered Jaipur. After Jaipur, we will go to Gurgaon. So we will start from the sales point. As our confidence level increases, we will convert it from sales person to sales point and then to the branch. So our strategy from the start is that we don't go anywhere and put up a presence.

First, we start from a sales point as the area becomes known, our confidence level increases and we move forward with the reference of existing people like we have a 2-wheeler point. So we put up a reference for example for confidence people's behavior, their paying tendency, their credibility. We put up a presence only after gathering all the information.

If you look at Rajasthan we have covered only 30% to 40% of the area. We have not covered the whole of Rajasthan. The logic behind this is that if I go from Udaipur to cover Churu, it is 650 km, 700 km. My nearby state is nearer than that. By saying I deal in MP. In MP, I deal in Neemuch, Mandsaur, Indore. If you look at it Udaipur it is in the range of 250 km, 300 km. In Gujarat, I cover Himatnagar, Modasa, Ahmadabad which is in the range of 200 km 250 km. So we try to cover all the nearby areas.

After doing a thorough search we see if we can go there then we go there. We work in this way. We have a plan that if we go to Jaipur we will do a test market in Gurgaon and then enter there.

Ashok Jain: Understood. So if we see our book how much is secured, how much is unsecured?

Nirmal Kumar Jain: Sir our 100% loan is secured. We don't do unsecured loans. We have a 2-wheeler, 4-wheeler, and SME loan. So 100% of that is secured. We maintain the LTV according to the market or salability of the product. So where the product is not salable, we do 40%, 50% and we maintain a maximum of 65%, 70% LTV. We don't do unsecured loans. Our 100% is secured.

Ashok Jain: How many of our customers are NTC new-to-credit out of this?

Nirmal Kumar Jain: Can you repeat the question?

- Ashok Jain:** I'm saying how many are new-to-credit we are disbursing to?
- Akash Jain:** So normally 10% to 15% of customers are new-to-credit. As we enter into new markets and we start we normally start from 2-wheeler finance. So normally in case of 2-wheelers they are maximum new customers and in case of LAP or business loans we try to avoid new customers. But if a good case is there we take a co-applicant which has a past credit history or we take guarantors which are having good credit history. That's how we ensure that loan is supported by financially disciplined persons.
- Ashok Jain:** Okay. And sir what due diligence do we do before giving out a loan like what checks or parameters do we have?
- Akash Jain:** So we have a full-blown credit policy where first we do the KYC checks. Then we do the credit rating from CIBIL or equivalent credit rating agency and after that the case is sourced by a sales person. So that case is first visited by a branch manager who checks, who talks with the customer and do a PD and if he is satisfied then he recommends that case to the credit person who assesses the income and the eligibility for the loan.
- He initiates the technical and legal evaluation. If we are satisfied with that security, then credit officer itself will go again and revisit the customer. He will revisit the property that is to be provided as security. He do one PD again. He discusses with customers. He understands its banking. He understands its income. He understands its business that he is doing. Then if he is satisfied and if it is falling under our credit policy then only he will recommend that case for the sanction and then only it will be disbursed.
- Ashok Jain:** So what would be the average household income of our borrowers?
- Nirmal Kumar Jain:** So average household -- so in case of 2-wheeler loans the average household income is somewhere around 20,000 to 25,000 that normally is the average income. In case of LAP again depending upon the loan amount based on his income we will decide the loan amount. So as we majorly function in rural areas -- so average income is somewhere around 40,000 to 50,000 and we consider wherever we take co-applicants also. If the individual income is not meeting, we take co-applicants also. So we club the income of all the family members who are the co-applicants.
- Ashok Jain:** Fair enough. And sir one last question I will be back in queue. So what is our process like where are we in process of digitization because it reduces cost and like overall efficiency? Where are we positioned in the digitization process?
- Akash Jain:** So as I told you earlier company is implementing full digital platform which will reduce the whole loan cycle from origination to disbursement. Our LOS is already implemented. So we are capturing the whole data digitally. We are capturing all the KYC, we are capturing the banking, we are capturing the credit scores through that LOS application only. For LMS and finance and account parts that is under implementation stage. Once that UAT is done and data migration is done we will be fully -- that system will be fully deployed in our company. So we are expecting that during this financial year we will migrate to that new system.

- Ashok Jain:** Fine, fair enough. Thank you sir. I'll come back in queue.
- Akash Jain:** Thank you very much.
- Moderator:** Thank you. We'll take the next question from the line of Bhaskar, an Individual Investor. Please go ahead.
- Bhaskar:** Good afternoon sir. Congratulations for the IPO. After IPO what is the current book value of the company? Second question the money raised from IPO proceedings how much will it affect the company's future growth?
- Akash Jain:** First I'll answer your second question. The money raised from the IPO the company is planning to fully utilize that money for its future growth purposes only. So as I have given the targets the company is going to disburse around INR250 crores to INR300 crores during this financial year only. So this whole money will be utilized for the purpose of new business only except for some issue related expense or general corporate expense which will be there. So post IPO our book value will be somewhere around just a second. Rajni have you calculated that? Just a second
- Moderator:** Rajni ma'am.
- Rajni Gehlot:** Hello.
- Moderator:** Yes ma'am you are audible now.
- Nirmal Kumar Jain:** Rajni can you help me out in this? What will be our post IPO book value?
- Rajni Gehlot:** Yes, I'll see the number. It comes around 105 post IPO.
- Nirmal Kumar Jain:** Rajni can you repeat it?
- Rajni Gehlot:** Sir it is around 105 book value post IPO.
- Bhaskar:** It's post IPO 105 book value?
- Nirmal Kumar Jain:** Yes.
- Rajni Gehlot:** Yes.
- Bhaskar:** Thank you. Last question from the growth what assurance you can give the shareholders for the future growth and they can assure on you for the future?
- Nirmal Kumar Jain:** For growth like we have given you the data that we have our expansion plan and that is made on board and company has the past history and the company has that much capability like before Corona we have done INR30 crores per month. For that we have a co-lending arrangement is there with Hinduja, Mas Finance and Singularity. So definitely the projections which we have the targets which we are taking in hand for this year our target for AUM INR650 crores and for next year it will be around INR1100 crores and in 2028 we will reach to

around INR2,600 crores to INR2,800 crores. So we have a roadmap and we have capability and manpower is there and infra also is there. So definitely in this way we will take the growth forward.

Akash Jain: Mr. Bhaskar just to correct I think there was some calculation error. So post IPO our book value is 83. So there was some calculation error that is 83.

Bhaskar: Yes I thought it shouldn't be so high. Thank you.

Nirmal Kumar Jain: Sorry for the mistake that was not intentional.

Bhaskar: It's exact 83.

Nirmal Kumar Jain: Yes it is 83.24.

Bhaskar: Thank you.

Moderator: Thank you. We will take the next question from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

Pradeep Rawat: Good evening to everyone and thank you for the opportunity. So sir my first question is around competition. So our current market for rural and semi urban market in that who are our competitors and how is the competitive intensity right now?

Nirmal Kumar Jain: As far as competition is concerned if you will see today also for all NBFC there is space and today also we have not seen that our fund has been idle and we have always been short of fund. We have 28 years of experience and in this 28 years we have been able to cover only 30% area of Rajasthan and many places are there where banking is not available. Right now, there is a lot of untapped market. To compete with anyone, our rates are reasonable, our process is easy, our network is good. In the field of 2 wheelers, 4 wheelers, and SME loans, we have never had a competition. We are operating at a reasonable rate. We are operating at an equivalent rate to our industry.

There is a lot of space for everyone. If there are 2-3 more companies like us, it doesn't matter. I am 100% sure that there is no competition. There is no need to compromise. We are operating at the same rate as 2 wheelers, 4 wheelers, and SME loans. There is no competition that we have to lower our rates.

Pradeep Rawat: My next question is, how many branches and touchpoints will we need in FY25? In which geography are we planning to reach the AUM? In which geography state wise are we planning to reach the AUM?

Nirmal Kumar Jain: Sir as I told you, our process is that when we start somewhere in a new location we start with sales and keep a close appointment for sales. After finding a certain exposure there, we convert it into a sales point. After that, as the AUM increases, we convert it into a branch as per the operation. Right now, we have 12 branches. Branch means where there is, credit manager, file documentation, and everything else.

We have 25 business point in FY25. We plan to convert 15 new branches this year. We plan to start a new 30-35 business point. We have already started 2 branches in this year. Yesterday, we opened a new branch in Gangapur. Today, we are opening a regional office in Ahmedabad. We are planning to cover the entire Rajkot area. We already have an office in Surat.

We are starting a new office in Vapi. So that we can cover the entire area. We will start from a known to unknown area. We do not suddenly start a new branch. We will start a new branch in the operational part that we can manage well. We have a state branch in Jaipur which is close to Delhi Gurgaon. We are planning to start a new branch there.

So we want to start in nearby states, like in MP, as I said earlier, 69% of our presence is in Rajasthan, but now we have a nearby state in MP, Gujarat and Maharashtra, where we are going to increase our presence through branches, where we are going to convert our sales point into a branch and create new sales points. So we have already made a roadmap in which we will start with 15 new branches, will appoint 30-35 new sales points and through that we are going to take our targeted disbursement plan of INR300 crores. Our plan is that we will reach the mark of INR650 crores.

We have made a professional plan for that and we are planning to execute it through branches and sales points. Our past record is that we have done a monthly disbursement of INR30 crores. So we have the experience, manpower and infrastructure. So we are working in that direction. According to our experience, we will definitely achieve the target that we have set.

Pradeep Rawat: Sir when we open a new branch, how many years does it take to reach its full potential?

Nirmal Kumar Jain: Sir we start with sales and after that we convert the monthly disbursement of INR50 lakhs into sales points and after that when it reaches to INR 2 crores we convert it into a branch. So the policy of the company is that we have made our criteria for profitability and we have to convert it into a branch. So accordingly, we plan and execute the policy.

Pradeep Rawat: Sir I have one more question related to competition. Sir you have said that the untapped market is very good in rural and semi-urban areas. So I have a question. Why aren't other competitions trying to enter here? I mean, why haven't they entered yet and why are there so many untapped markets?

Nirmal Kumar Jain: Sir if you look at any NBFC, you can see their growth. Sir the growth of NBFC is 30%-40% normal. That is our space for NBFC. Because banks have their own limitations and the connectivity of NBFC affects the customer. So NBFC has its own space. Definitely, all NBFC is growing. I am not talking about just us. We have a track record and we have so much customer connectivity that we have already served more than 2 lakh customers.

In comparison to that, we have a very low AUM of INR400 crores. So we have a very big space available. We are doing business through co-lending. So we will do it. I don't see any problem in it. All the companies are doing it.

It's not like we have reached 2 lakh crores in Shiramal or we have reached such a big starting in Mas Finance So if you look at any NBFC company, their growth is definitely happening. So

everyone has space for NBFC. Sir I will tell you one thing. If you look at our Chairman's speech, he said that what happens for NBFC, customers leave the unorganized sector and go to small NBFCs from Small NBFCs go to big NBFCs, from Big NBFCs go to banks. So every customer has to go through this process. Everyone has their own space for NBFC and they do their work. It's good for everyone. In the current market scenario, everyone has a good space for NBFC and everyone is doing a good job.

- Pradeep Rawat:** Okay. Okay, thank you, sir. Best of luck for your future endeavour.
- Nirmal Kumar Jain:** Thank you.
- Moderator:** Thank you. We will take the next question from the line of Shreyans Jain from Electrum Capital. Please go ahead.
- Shreyans Jain:** Good afternoon, sir. What is your turnaround time for loan?
- Akash Jain:** Sir our turnaround time is for 2 wheelers. We sanction it in a day. For 4 wheelers, we are doing used commercial vehicles. So around 3 days, we are doing the sanction. And for MSME and business loans, it will take a maximum of 7 to 10 days.
- Shreyans Jain:** And what is the target for your technology? Once LMS is online, what is the target to produce MSME?
- Nirmal Kumar Jain:** Sir we are still doing the LOS for MSMEs. We are still capturing the data through technology. So in the case of MSMEs, credit as well as legal and validation is involved. Further, PD is done by the credit officer also. So that takes some time. So it's still one of the best turnaround times in the industry. 7 to 10 days.
- Shreyans Jain:** Okay. And you guys are targeting INR2,500 crores by FY '28. So that is 6x growth in 4 years. And that is 60% CAGR. In the last 4 years, your AUM has not grown. Okay. There were issues after COVID. And even with a run rate of 360 and an out rate of INR100 crores, your book will grow by INR250 crores. With existing model, you are saying. Which you have not proved for 3 years. So what is giving me the confidence? How will it be INR2,500 crores?
- Nirmal Kumar Jain:** Sir Will you repeat once?
- Shreyans Jain:** Your target is INR2,500 crores. So how will that happen? You have not grown in 4 years.
- Nirmal Kumar Jain:** Sir in 4 years, as I told you, before COVID, we made a book of INR540 crores with an NOF of INR90 crores. So our gearing was very high. So in COVID phase one, we got a morat from our lenders. However during second phase, we did not get a morat from lenders. And in the area where we operate, there were big problems during that period. At that time, the management said, if there are any other problems, we will manage the liability side.
- So we closed the disbursement ourselves and reduced the liability. We had repaid INR250 crores. And our liability of INR420 crores was reduced to INR170 crores. After that, we increased the equity. So after increasing the equity, by reducing the gearing, we are now

working on growth. So in the last year, in 2022, we planned again and started the disbursement.

So we are working on it. If you look at the company's track record, Sir we did INR146 crores up from INR86 crores in a year. And we did INR326 crores against INR146 crores in the next year. And we did INR520 crores against INR326 crores in the next year. We have already taken a jump of INR200 crores. So the company is having the experience of doing business.

We can develop it so much. We ourselves stopped it. After increasing the equity and managing the liability, the company is working on it. For this, we started it in 2022. We can do the rest. There is no issue in it. If you look at the previous track record, it itself proves that the company has the capability to do this.

Shreyans Jain: Okay. So you mean to say that there will be a capital requirement in 2 years, right? In 3 years.

Akash Jain: No, Sir. There is no need to increase it now. Now that we have increased the equity, our NOF is around INR350 crores. We don't even need to increase further till the AUM of INR1,700-INR1,800 crores.

Shreyans Jain: Yes, it will be needed after 3 years?

Akash Jain: Yes, exactly. If we go up to 3x, we can raise the debt of INR1,200 crores. And we can increase it to INR1,700 crores.

Shreyans Jain: Yes, exactly. If you increase it by 60%, it will be INR2,700-INR1,800 crores.

Akash Jain: Yes, exactly. Okay.

Shreyans Jain: You are saying that you will do it. And do you have any co-lending arrangements with it?

Akash Jain: Sir we have co-lending with Hinduja, with Mars, with Singularity. We are also doing it with a bank.

Shreyans Jain: Okay. There is no bank yet. You are doing talks with banks.

Nirmal Kumar Jain: Sir because of Corona, the rating has reduced in both the times. The rating has been upgraded again. The rating has been upgraded twice in a year. It is being reviewed again. So after increasing by a notch, we will be eligible for co-lending. So we are just waiting for the rating improvement. So it is being reviewed. If it is done in a month or two, we will definitely talk about it.

Shreyans Jain: Okay. Thank you so much. And all the best.

Nirmal Kumar Jain: Thank you.

Moderator: Thank you. We will take the next question from the line of Rahil Shah from Crown Capital. Please go ahead.

- Rahil Shah:** Hi, good afternoon. Sir just one question. You have given these disbursement AUM targets. Can you also please give ROA targets? What are your expectations? Can there be improvement in FY25?
- Akash Jain:** So based on these targets what we are targeting, our ROA to be at. Just a second. So ROA to be increased to somewhere around 4.10% that we are expecting in -- Sorry, above 5 in FY25. And by FY28, we will be somewhere around 5.5%. That's what we are expecting for ROA. And for ROE, since we are quite under leverage right now, so our ROE is around 8% right now. So by increasing our leverage position, we are expecting that we will reach at around 16% to 17% ROE by FY '27-'28.
- Rahil Shah:** Okay, sir. Thank you so much and all the best.
- Moderator:** Thank you. We'll take the next question from the line of Aditya Doshi from M3 Investments. Please go ahead.
- Aditya Doshi:** Hello. Thank you for the opportunity. Sir, my question is on collection. Can you give a breakup of collection? How much is in cash, how much is in UPI, how much is in NACH? That's my first question.
- Akash Jain:** Rajni, can you put a light on this?
- Rajni Gehlot:** Sir, in cash we have 10%-15% of our collection in cash and 85% in NACH and UPI payment.
- Aditya Doshi:** Okay. And, sir, on asset quality, can you share some like, what is our 1+, 30+, 60+ and how do we try to collect? Do we do cold call or do our RMs visit? Do the RMs have responsibility of collection also? So, can you explain that?
- Nirmal Kumar Jain:** So, as far as collection strategy is concerned we are adopting all the processes that are required. We do cold calls, we do SMS messages, we do WhatsApp. Before hitting the NACH, we do a call five days earlier to that NACH date. We try to -- Our sales representative also connects with that customer in that location in which he is located. Try to educate them why financial discipline is required.
- And even if any EMI bounces, we contact him regularly to collect that EMI within next two, three days only. For the buckets, I would ask Rajni to give the number. Rajni? Rajni, can you give the bucket number?
- Rajni Gehlot:** So, if we look for the March 2024, so our PAR comes to around in absolute terms, if we see it is around INR14.29 crores. That is one to 90 days DPD buckets. It is around 14.29. And for more than 90 it is around INR14.65 crores.
- Akash Jain:** Can you give him a percentage?
- Rajni Gehlot:** Yes.
- Aditya Doshi:** Sir, meanwhile, the numbers get in. Can you also share some light on the customer profile? What are the especially to MSME customers, what are they are into? Are they into business of

essentials? Or largely, are we targeting some profile like retailer, wholesalers? And what would be the acceptance rates of our logins?

Akash Jain: So, we do business loans to small business owners. So, that can be all kinds of business owners like retail business owners, wholesale business owners, carpenters, a person who has opened a repair shop, a person who is selling milk, a person who is selling vegetables. So, all kinds of customers we are doing. So, a person is having a business that is the primary criteria that we follow. What was the second question?

Aditya Doshi: What is the acceptance rate of your...

Akash Jain: Acceptance rate is somewhere around 40%. So, out of 10 files, we are doing disbursement for around four files, somewhere around three to four files.

Aditya Doshi: So, this is like after logging in?

Akash Jain: Yes. After logging in. First, it has been accessed by the salesperson and he's satisfied then only we do the logging.

Aditya Doshi: Okay.

Akash Jain: So, are you ready with percentage numbers?

Rajni Gehlot: Yes. So, the portfolio at risk is around 7.18% and out of this 7.18%, 3.63% is our NPA. So, our on-time portfolio that is on zero DPD is 92.82%.

Aditya Doshi: Okay. Thank you. No problem.

Moderator: Thank you. We'll take the next question from the line of Keshav Kumar from Desvelado Advisory. Please go ahead.

Keshav Kumar: Sir, I wanted to talk about the capital to risk-weighted asset ratio. If I look at the FY '23 number, it was 51.19% and it dropped down to 42.2% as of December 31st, 2013. So, what is the reason for this decline and what is the current CRAR ratio of the company?

Akash Jain: Rajni, can you answer this?

Rajni Gehlot: Yes. So, current FY '24 the CRAR ratio is around 49.86%. So, in March '23, it was 51.19% and now it is 49.86% as because our risk-weighted asset is increasing. So, as our AUM is increasing, so we have to keep our net worth accordingly. So, as our AUM has increased it is around 49.86%.

Keshav Kumar: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Prateek Chaudhary from Saamarthya Capital. Please go ahead.

Prateek Chaudhary: Sir, I think 80% of your loan book is SME and LAP roughly, right?

Akash Jain: Yes. Around 80%.

Prateek Chaudhary: For that, if you put by bifurcate, what is the LAP portion out of this 80%?

Akash Jain: LAP portion is only around 8% to 10% only. Rest all is our business loans.

Prateek Chaudhary: So, 8% to 10% of your overall loan book?

Akash Jain: Yes, overall loan.

Prateek Chaudhary: Which is roughly around INR40 crores to INR50 crores?

Akash Jain: Yes.

Prateek Chaudhary: Rest is all business loans?

Akash Jain: Yes.

Prateek Chaudhary: Okay. So, business loans then are roughly INR250 crores, right?

Akash Jain: Yes.

Prateek Chaudhary: If you can give rough or average ticket size of your loans on the business loans side?

Akash Jain: Rajni, can you give the average ticket size loan?

Rajni Gehlot: Yes. It is actually around if you look overall, it is around INR6 lakhs to INR7 lakhs average ticket size of the business loans.

Akash Jain: So, as a policy, we currently are doing business loans up to INR25 lakhs to INR30 lakhs but our average ticket size which is on our current portfolio is coming around to INR6 lakhs to INR8 lakhs.

Prateek Chaudhary: INR6 lakhs to INR8 lakhs. Okay. And what is this number for LAP?

Akash Jain: LAP is also same.

Prateek Chaudhary: And what are the average rates that we lend at, what is the rate of interest we charge?

Akash Jain: So, in case of LAP and SME loans, we are charging rates from 17% to 20%. In case of 2 wheeler loans, we are charging rates from 19% to 21%, 22% and for used commercial vehicles, we are charging rates somewhere around 22% to 24%.

Prateek Chaudhary: Okay. So, your blended rate is roughly 17 to the range of your rates is 17% to 24%, right?

Akash Jain: Yes.

Prateek Chaudhary: And your cost of borrowing?

- Akash Jain:** Cost of borrowing as on the current financial year has increased from the last financial year. So, it is currently coming at 14.5% somewhere around. Because of the increase in the rate, which I earlier further, our rating was earlier down. So, as we proceed further, we are expecting a rating improvement. And by raise of this money to IPO, we are expecting that our rating will also improve and the average borrowing cost will come down.
- Prateek Chaudhary:** And when was the rating downgraded?
- Akash Jain:** So, that was downgraded during the COVID period. So, post that, our rating has started increasing. So, we are expecting a further one notch up in the current period for which assessment is going on.
- Prateek Chaudhary:** So, what do you expect your average borrowing cost to look like in FY'25 or FY'26?
- Akash Jain:** We are expecting downward from 14.5% to somewhere around 13% will be our Average cost of borrowing.
- Prateek Chaudhary:** By the end of this financial year?
- Akash Jain:** Yes. So, average cost during this financial year will come down by 100 basis points at least. By the end of March 25, we will be able to secure funds at 12.5% to 13%. That is what we are expecting. Average cost.
- Prateek Chaudhary:** And -- currently, the INR200 crores that we have raised from banks, is it all from banks or is it from?
- Akash Jain:** No, it is a mix of banks, NBFCs, and we have ECBG also.
- Prateek Chaudhary:** It has been a rough bifurcation out of INR200 crores. How much is which portion?
- Akash Jain:** So, from banks, it is somewhere around INR40 crores. From ECBG it is around INR45 crores. And the rest all is from NBFCs.
- Prateek Chaudhary:** And so, roughly INR100 crores is from NBFCs?
- Akash Jain:** Yes.
- Prateek Chaudhary:** And who would be out of this 200? I mean, if we only look at the NBFC and bank portion, which is roughly INR160 crores, who are the major or the largest lenders to us?
- Akash Jain:** Bank of Baroda, SBI, then we have Shriram Finance, MAS Finance – Maanaveeya Development. These are our major lenders.
- Prateek Chaudhary:** SBI is also there?
- Akash Jain:** Yes, SBI is also there. Earlier, we had AU also there. We have repaid that AU amount. Union Bank was also there, Bank of India was also there. So, we have repaid during this year also.

And new proposals are going on with IOB, Union Bank, Karur Vysya Bank, all the banks. We have filed the papers for our new loans.

Prateek Chaudhary: You expect, and you were saying that our rating might improve, credit rating might improve. When do we expect to approach?

Akash Jain: Our proposal is going on right now with credit rating agency. So, we are expecting that within 1 months or 2 months, we will get the rating approval.

Prateek Chaudhary: Since you are targeting very significant growth, almost INR 1,100 crores by FY'26 of AUM, right? Do you expect the mix, the business mix in terms of SME, LAP and vehicle loan, which is 80, 20 right now? Do you expect it to remain the same or do you expect some new segments also to come? In INR 1,100 crores, how will you see the business mix in FY'26?

Akash Jain: So, going forward, we are aggressively working towards this vehicle loan also. So, what we are targeting by within next few years, we will change this product mix to 60, 40. So, 60% will be our business loan and 40% will be other loans, which will include 2-wheeler, 3-wheeler, 4-wheeler funding and used commercial vehicle funding.

Prateek Chaudhary: And as you said, the rate of interest of 2-wheeler loan is 17%, 24%, right?

Akash Jain: Not 2-wheeler loan, we are charging 19% to 21%.

Prateek Chaudhary: 19%, 21%. What category of borrowers are these? Because I think 2-wheeler loans, which you normally get, how much do you get them if the credit rating is good?

Akash Jain: Where we are working, we are not working in the urban areas. We are working in rural and semi-urban areas. And further, in 2-wheeler business, normally, the rates are like this only. They are starting from 17%. Even in Bombay, L&T Finance is doing finance at 17%, 18%, 19% for 2-wheeler. So, 2-wheeler market is like this only. Its average rate is somewhere around 17%, 18%, 19% for the industry.

Prateek Chaudhary: And sir, your limits with banks and whatever post IPO discussions are going on, do you think you will be able to borrow from them properly?

Akash Jain: Earlier also, we have borrowed funds from 33 lenders, which are majorly banks only. So, we have a good credit history. So, we don't foresee any problems in raising funds in the form of debt. This was only because during the COVID period, we have not raised the funds intentionally. We were interested in reducing our total borrowings. Otherwise, bankers have always supported us.

Prateek Chaudhary: Or just now like in some state there is some news that a loan waiver has been announced, so to you and specially it is as if a loan waiver is announced then it is rural semi-urban is a...

Akash Jain: Sir, that doesn't impact us because normally, the loan waivers are announced on direct agriculture credit only. There is no direct impact on business loans and regular loans. So, we don't foresee such impact because of any loan waiver announced by any state government. And majorly, those are for microfinance or direct agriculture credit and we don't do such finance.

Prateek Chaudhary: So, the INR300 crores disbursement targets that you are thinking of, which will help you reach INR600 crores, INR650 crores AUM, how much from this? Because if you open 15 new branches, it will take time to establish them. I mean, your major branches will open in the second half.

Akash Jain: Sir, as I told you before, we don't directly open new branches. We convert our sales point into branches. So, sales points are already working there. So, once they reach a monthly disbursement target of INR2 crores or based on that geographical region, we convert that sales point into branch. So, sales points are already there and they are doing business. So, we don't see any challenges. There is no such challenge that we are starting from scratch from that region.

Prateek Chaudhary: So, how many total sales points do you have now?

Akash Jain: Total sales points are currently 30 sales points that we are working on. So, out of these 30 sales points, we are going to convert 15 branches and we will start additionally 30 sales points in current financial years.

Prateek Chaudhary: So, as I understand correctly, currently as on date, you have 30 sales points. Apart from these 30 sales points, you already have 15 branches. Correct?

Akash Jain: Yes.

Prateek Chaudhary: Now we have 14 branches. So, means by adding sales points and branches, you have 44, 45 points here. Correct?

Akash Jain: Yes.

Prateek Chaudhary: And out of those 30 sales points, you will convert 15 branches and further you will open 30 new sales points. Correct?

Akash Jain:: Yes.

Prateek Chaudhary: Okay, sir. Thanks a lot.

Akash Jain: Thank you very much.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Nirmal Kumar Jain for closing comments. Over to you, sir.

Nirmal Kumar Jain: I thank the entire team of Akme Fintrade Limited for their effort, hard work and dedication which drives the company forward through various market conditions. Also, I appreciate you all for taking the time to participate in our conference call. Please do get in touch with our investor relations team for any further questions. Thank you.

Moderator: Thank you, sir. Thank you, members of the management. Ladies and gentlemen, on behalf of Akme Fintrade India Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.