August 08, 2025

Akara Capital Advisors Private Limited: Ratings reaffirmed; ratings withdrawn for Rs. 230.1-crore NCDs and Rs. 15.0-crore bank lines

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debentures	746.40	746.40	[ICRA]BBB (Stable); reaffirmed
Non-convertible debentures	230.10	0.00	[ICRA]BBB (Stable); reaffirmed and withdrawn
Long-term fund based - others	200.00	200.00	[ICRA]BBB (Stable); reaffirmed
Long-term fund-based term loan	15.00	0.00	[ICRA]BBB+(CE) (Stable); reaffirmed and withdrawn
Commercial paper	80.00	80.00	[ICRA]A3+; reaffirmed
Total	**1,271.50**	**1,026.40**	

**Instrument details are provided in Annexure I*

Rating without explicit credit enhancement	[ICRA]BBB

Note: The (CE) suffix mentioned alongside the (provisional) rating symbol indicates that the rated instrument/facility is to be backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The above table also captures ICRA's opinion on (a) the rating if the pending actions/documents are not completed, and (b) the rating without factoring in the proposed explicit credit enhancement

Rationale

For the [ICRA]BBB (Stable)/[ICRA]A3+ ratings

To arrive at Akara Capital Advisors Private Limited's (ACAPL) ratings, ICRA has taken a consolidated view of the credit profiles of ACAPL and its Group company, EQX Analytics Private Limited (EQXAPL; together referred to as the Group), owing to their business linkages, common management and shared infrastructure. ACAPL provides unsecured personal loans of up to Rs. 5 lakh (average ticket size of ~Rs. 70,000) to salaried individuals through the Group's technology platform, StashFin, which is operated and managed by EQXAPL. ACAPL and EQXAPL are wholly-owned subsidiaries of Morus Technologies Pte. Ltd (MTPL), a Singapore-based company, which is backed by foreign investors like Blowfish Ventures, Divine Blessing Investments, Altara Ventures, Fasanara Capital, Tencent Group, Uncorrelated Ventures, etc.

The ratings factor in ACAPL's adequate capitalisation profile for the current scale of operations with a consolidated net worth of Rs. 717 crore (standalone net worth of Rs. 693 crore) and consolidated managed gearing of 1.6x[1] as on March 31, 2025 (Rs. 637 crore and 2.0x, respectively, as on March 31, 2024, on consolidated basis) aided by regular capital infusions from the parent. MTPL had raised outstanding debt of Rs. 550 crore as on March 31, 2025, which has largely been infused as external commercial borrowings (ECBs) into ACAPL.

The ratings are, however, constrained by the Group's small scale of operations, with assets under management (AUM) of Rs. 1,838 crore as on June 30, 2025 (Rs. 1,728 crore as on March 31, 2025), given the decline in disbursements following the discontinuation of its Elev8 product (short tenure, small-ticket loans of less than Rs. 10,000) and the rundown of the co-lending portfolio in FY2025. The ratings also consider the inherent vulnerability associated with the Group's portfolio, given the unsecured nature of the loans. The elevated level of write-offs continued to put pressure on the earnings performance. Going forward, as the Group expands its scale, it would be crucial to keep its asset quality under control and diversify its borrowing

[1] *Managed gearing = (On-balance sheet borrowing + Off-book portfolio)/Net worth. Reported gearing, on a consolidated basis, was 1.5x as on March 31, 2025*

profile. Further, the regulatory landscape for fintech lenders is currently evolving; thus, the impact of regulations on the company's business operations would be monitorable.

The Stable outlook reflects ICRA's expectation that the Group will grow its scale of operations while maintaining a prudent capitalisation profile, considering its unsecured loan book.

ICRA has reaffirmed and withdrawn the rating assigned to the Rs. 230.10-crore non-convertible debentures (NCDs) as no amount is outstanding against the same, in accordance with its policy on the withdrawal of credit ratings.

For the [ICRA]BBB+(CE) (Stable) rating

ICRA has reaffirmed and withdrawn the rating assigned to the Rs. 15.00-crore bank facilities as no amount is outstanding against the same and based on the no objection certificate received from the lender in accordance with ICRA's policy on the withdrawal of credit ratings.

Adequacy of credit enhancement: Not applicable

Salient covenants of the rated facility: Not applicable

Key rating drivers and their description

Credit strengths

Adequate capitalisation profile for current scale of operations – The ratings factor in ACAPL's adequate capitalisation profile for the current scale of operations with a consolidated net worth of Rs. 717 crore (standalone net worth of Rs. 693 crore) and consolidated managed gearing of 1.6x as on March 31, 2025 (Rs. 637 crore and 2.0x, respectively, as on March 31, 2024, on consolidated basis), supported by the track record of regular capital infusions by the parent (Rs. 438 crore infused over the past five years). The gearing levels are expected to increase from the current levels, in line with the business plans, and ACAPL would need to raise capital over the medium term to maintain prudent capitalisation levels (managed gearing below 3x). In this regard, MTPL had free cash of ~Rs. 102 crore (standalone) as on March 31, 2025, which can be infused as equity in the Group if required.

Credit challenges

Small scale of operations; ability to raise funds in a timely manner critical for growth – The scale of operations remains modest with AUM of Rs. 1,728 crore as on March 31, 2025 (Rs. 1,839 crore as on March 31, 2024). While the Group has demonstrated the ability to scale up the business in the past with the AUM rising at a 4-year compound annual growth rate (CAGR) of 84% during FY2020-FY2024, it declined by 6% in FY2025 due to the rundown of the co-lending portfolio and discontinuation of Elev8. Consequently, disbursements declined to Rs. 3,308 crore in FY2025 from Rs. 5,075 crore in FY2024. ICRA takes note of the recovery in the growth trajectory in Q1 FY2026, resulting in an increase in the AUM to Rs. 1,838 crore (provisional). The Group's ability to raise funds (both debt and equity) in a timely manner will be critical to grow as per business plans. ICRA notes that 50% of the funding profile as on March 31, 2025 comprised ECBs from MTPL. Going forward, the Group would need to steadily expand its lending relationships and diversify its funding profile for its growth requirements.

Modest profitability on consolidated basis[2] – On a consolidated basis, the Group had reported losses till FY2023 due to high operating and credit costs. However, with the increased scale of operations over the past few years and some changes in the product features, the company reported a consolidated net profit of Rs. 27 crore in FY2024 and Rs. 25 crore in FY2025.

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[2] *Profitability ratios are given in relation to average managed assets. All figures and ratios as per ICRA's nomenclature/definitions/ calculations*

The net interest margin (NIM) moderated to 21.3% in FY2025 from 24.7% in FY2024 on a consolidated basis (audited financials for ACAPL and provisional financials for EQXAPL) because of lower fee income due to the decline in disbursements and changes in the product mix. This was despite the decrease in operating expenses to 8.8% in FY2025 from 12.2% in FY2024 primarily due to lower advertising expenses and share-based payments to employees. Elevated credit costs due to asset quality pressure resulted in a moderation in the return on managed assets (RoMA) to 1.2% in FY2025 from 1.4% in FY2024.

Moderate asset quality – The inherent riskiness in ACAPL's portfolio remains high due to the unsecured nature of the loans and the target borrower profile. The portfolio is granular, comprising small-ticket loans to individuals, with an average ticket size of ~Rs. 70,000 spread across 2.6 million customers. However, it has increased from past levels, following the discontinuation of Elev8. The gross stage 3 (GS3; recognised on 90+ days past due (dpd) basis), as a share of AUM, increased to 4.3% as on March 31, 2025 from 4.0% as on March 31, 2024. Including write-offs/first loss default guarantee (FLDG) expenses incurred in FY2025, the GS3 (consolidated basis) remained high at 19.2% of the overall AUM as on March 31, 2025 compared to 20.1% as on March 31, 2024. Credit costs, in relation to disbursements, stood at 9.9% in FY2025 vis-à-vis 8.0% in FY2024, reflecting the riskiness in the portfolio. The company's ability to control slippages, manage fraud risk and maintain good credit underwriting standards would be a key rating monitorable, going forward.

Liquidity position: Adequate

ACAPL's liquidity position is adequate with no negative cumulative mismatches in the asset-liability maturity (ALM) statement, as on June 30, 2025, owing to the short tenure of the loan book. As per the ALM profile as on June 30, 2025, the expected inflow from advances in the next one year stood at Rs. 1,240 crore, which is sufficient to cover the debt repayment of Rs. 636 crore during this period. Further, the company's cash and bank balance stood at ~Rs. 26 crore as on June 30, 2025. Additionally, MTPL (the parent company) had free cash of ~Rs. 102 crore as on March 31, 2025, which can be infused in ACAPL as and when required.

As on June 30, 2025, the Group's (ACAPL+EQXAPL) overall borrowing mix consisted of ECBs (44%), NCDs (36%), loans from non-banking financial companies (NBFCs)/financial institutions (FIs; 8%), loans from banks (6%), pass-through certificates (PTCs; 5%), and commercial paper (CP; 1%).

Rating sensitivities

Positive factors – An increase in the scale of operations along with an improvement in the profitability indicators, while maintaining good asset quality and a prudent capitalisation structure on a sustained basis, would positively impact the ratings.

Negative factors – A decline in the scale of operations or a deterioration in the asset quality indicators, resulting in pressure on the profitability indicators, would negatively impact the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's rating methodology for non-banking finance companies Policy on withdrawal of credit ratings
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidation; ICRA has considered the consolidated financials of ACAPL and its Group company – EQXAPL, owing to their business linkages, common management and shared infrastructure.

About the company

ACAPL is a Delhi-based non-deposit taking NBFC registered with the Reserve Bank of India (RBI) since 2016. It started operations in 2017. The company primarily provides unsecured short-term personal loans to salaried individuals through web and mobile platforms. ACAPL is currently owned by MTPL, a Singapore-based neobanking start-up backed by investors like

Blowfish Ventures, Divine Blessing Investments, Altara Ventures, Positive Moves Consulting, Fasanara Capital, Tencent Group, Uncorrelated Ventures, etc.

ACAPL is a 100% subsidiary of MTPL (holding company incorporated in Singapore). The Group has another wholly-owned subsidiary, EQX Analytics Private Limited (EQXAPL), which houses the technology platform known as StashFin and sources leads. The technology platform is used by ACAPL and other co-lenders for lending to customers.

On a consolidated basis (ACAPL+EQXAPL), the Group reported a profit after tax (PAT) of Rs. 25 crore[3] in FY2025 on a total managed asset base of Rs. 1,982 crore as on March 31, 2025 compared to Rs. 27 crore in FY2024 on a total managed asset base of Rs. 2,059 crore as on March 31, 2024. The consolidated net worth stood at Rs. 717 crore with a managed gearing of 1.6x as on March 31, 2025 compared with Rs. 637 crore and 2.0x, respectively, as on March 31, 2024.

On a standalone basis, ACAPL reported a PAT of Rs. 85[4] crore in FY2025 on a total managed asset base of Rs. 1,919 crore as on March 31, 2025 compared to a PAT of Rs. 69 crore in FY2024 on a total managed asset base of Rs. 1,996 crore as on March 31, 2024. The net worth stood at Rs. 693 crore with a managed gearing of 1.7x as on March 31, 2025 compared with Rs. 593 crore and 2.1x, respectively, as on March 31, 2024. The gross and net non-performing advances (NNPAs), as a percentage of the overall AUM, stood at 4.3% and 1.5%, respectively, as on March 31, 2025 compared with 4.0% and 1.8%, respectively, as on March 31, 2024.

Key financial indicators (consolidated)

ACAPL+EQXAPL	FY2023	FY2024	FY2025
	Audited	Audited	ACAPL (audited)/EQXAPL (provisional)
Total income	341	834	710
Profit after tax	(55)	27	25
Total managed assets	1,967	2,059	1,982
Return on average managed assets	-4.1%	1.4%	1.2%
Managed gearing (times)	3.3	2.0	1.6
Gross NPA (% of overall AUM)	6.7%	4.0%	4.3%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Key financial indicators (standalone)

ACAPL (standalone)	FY2023	FY2024	FY2025
	Audited	Audited	Audited
Total income	216	784	709
Profit after tax	8	69	85
Total managed assets	1,871	1,996	1,919
Return on average managed assets	0.6%	3.6%	4.3%
Managed gearing (times)	3.3	2.1	1.7
Gross NPA (% of overall AUM)	6.7%	4.0%	4.3%
CRAR	29.0%	31.7%	31.2%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

[3] *Consolidated PAT, adjusting for non-cash share-based payments (excluding tax impact), stood at Rs. 85 crore in FY2025*
[4] *Standalone PAT, adjusting for non-cash share-based payments (excluding tax impact), stood at Rs. 99 crore in FY2025*

Rating history for past three years

	FY2026			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Aug 08, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Long-term fund based - others	Long term	200.00	[ICRA]BBB (Stable)	09-AUG-2024	[ICRA]BBB (Stable)	05-APR-2023	[ICRA]BBB (Stable)	03-OCT-2022	[ICRA]BBB (Stable)
		-	-	10-MAY-2024	[ICRA]BBB (Stable)	04-JUL-2023	[ICRA]BBB (Stable)	20-OCT-2022	[ICRA]BBB (Stable)
		-	-	-	-	10-AUG-2023	[ICRA]BBB (Stable)	20-DEC-2022	[ICRA]BBB (Stable)
Long-term fund based – term loan	Long term	15.00	[ICRA]BBB+(CE) (Stable); withdrawn	09-AUG-2024	[ICRA]BBB+(CE) (Stable)	05-APR-2023	Provisional [ICRA]BBB+(CE) (Stable)	-	-
		-	-	10-MAY-2024	[ICRA]BBB+(CE) (Stable)	04-JUL-2023	[ICRA]BBB+(CE) (Stable)	-	-
		-	-	-	-	10-AUG-2023	[ICRA]BBB+(CE) (Stable)	-	-
Commercial paper	Short term	80.00	[ICRA]A3+	10-MAY-2024	[ICRA]A3+	05-APR-2023	[ICRA]A3+	03-OCT-2022	[ICRA]A3+
				09-AUG-2024	[ICRA]A3+	04-JUL-2023	[ICRA]A3+	20-OCT-2022	[ICRA]A3+
				-	-	10-AUG-2023	[ICRA]A3+	20-OCT-2022	[ICRA]A3+
				-	-	-	-	20-DEC-2022	[ICRA]A3+
NCD programme	Long term	746.40	[ICRA]BBB (Stable)	10-MAY-2024	[ICRA]BBB (Stable)	05-APR-2023	[ICRA]BBB (Stable)	03-OCT-2022	[ICRA]BBB (Stable)
			-	09-AUG-2024	[ICRA]BBB (Stable)	04-JUL-2023	[ICRA]BBB (Stable)	20-OCT-2022	[ICRA]BBB (Stable)
			-	09-AUG-2024	[ICRA]BBB (Stable)	10-AUG-2023	[ICRA]BBB (Stable)	20-OCT-2022	[ICRA]BBB (Stable)
		-	-	-	-	-	-	20-DEC-2022	[ICRA]BBB (Stable)
Market linked debenture	Long term	-	-	-	-	05-APR-2023	PP-MLD[ICRA]BBB (Stable)	20-DEC-2022	PP-MLD[ICRA]BBB (Stable)
		-	-	-	-	04-JUL-2023	PP-MLD[ICRA]BBB (Stable)	-	-
		-	-	-	-	10-AUG-2023	PP-MLD[ICRA]BBB (Stable); withdrawn	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based term loans	Simple
Long-term fund-based others	Simple
Non-convertible debentures	Very Simple
Commercial paper	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details (as on June 30, 2025)

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
INE08XP07142	**NCD**	Jun-07-2023	11.5000%	Oct-31-2024	30.0	[ICRA]BBB (Stable); withdrawn
INE08XP07092	**NCD**	Nov-29-2022	14.0000%	Dec-31-2024	75.0	[ICRA]BBB (Stable); withdrawn
INE08XP07134	**NCD**	Apr-23-2023	14.0000%	Dec-01-2024	30.0	[ICRA]BBB (Stable); withdrawn
INE08XP07159	**NCD**	Jun-16-2023	10.0100%	Jan-21-2025	20.0	[ICRA]BBB (Stable); withdrawn
INE08XP07159	**NCD**	Jul-28-2023	10.0100%	Jan-21-2025	20.1	[ICRA]BBB (Stable); withdrawn
INE08XP07175	**NCD**	Nov-12-2023	11.5000%	Feb-28-2025	20.0	[ICRA]BBB (Stable); withdrawn
INE08XP07100	**NCD**	Mar-14-2023	14.0000%	Mar-31-2025	25.0	[ICRA]BBB (Stable); withdrawn
INE08XP07191	**NCD**	Apr-19-2024	13.0000%	Apr-24-2025	5.0	[ICRA]BBB (Stable); withdrawn
INE08XP07209	**NCD**	May-10-2024	12.0000%	Jun-21-2025	5.0	[ICRA]BBB (Stable); withdrawn
INE08XP07233	**NCD**	Jun-21-2024	10.0100%	Dec-21-2025	70.0	[ICRA]BBB (Stable)
INE08XP07217	**NCD**	May-31-2024	11.9000%	Dec-03-2026	20.0	[ICRA]BBB (Stable)
INE08XP07225	**NCD**	May-31-2024	12.0000%	Dec-03-2029	10.0	[ICRA]BBB (Stable)
INE08XP07241	**NCD**	Aug-08-2024	12.5000%	Feb-19-2026	6.0	[ICRA]BBB (Stable)
INE08XP07258	**NCD**	Aug-14-2024	10.0100%	Feb-14-2026	50.0	[ICRA]BBB (Stable)
INE08XP07241	**NCD**	Sep-23-2024	12.5000%	Feb-19-2026	10.0	[ICRA]BBB (Stable)
INE08XP07266	**NCD**	Oct-04-2024	9.8500%	Apr-17-2026	50.0	[ICRA]BBB (Stable)
INE08XP07274	**NCD**	Dec-31-2024	14.000%	Dec-31-2026	25.0	[ICRA]BBB (Stable)
INE08XP07282	**NCD**	Feb-06-2025	12.000%	Aug-14-2028	25.0	[ICRA]BBB (Stable)
INE08XP07282	**NCD**	Feb-24-2025	12.000%	Aug-14-2028	11.0	[ICRA]BBB (Stable)
INE08XP07282	**NCD**	Feb-24-2025	12.000%	Aug-14-2028	19.0	[ICRA]BBB (Stable)
INE08XP07290	**NCD**	Mar-27-2025	14.500%	Jun-29-2026	30.0	[ICRA]BBB (Stable)
INE08XP07308	**NCD**	Apr-30-2025	9.8500%	Oct-30-2026	25.0	[ICRA]BBB (Stable)
INE08XP07282	**NCD**	May-08-2025	12.000%	Jan-05-2026	30.0	[ICRA]BBB (Stable)
INE08XP07282	**NCD**	Feb-14-2025	12.000%	Aug-14-2028	40.0	[ICRA]BBB (Stable)
INE08XP07324	**NCD**	Jun-27-2025	12.500%	Aug-14-2028	20.0	[ICRA]BBB (Stable)
NA	**NCD^**	NA	NA	NA	305.4	[ICRA]BBB (Stable)
NA	**Long-term fund-based others**	Jul-30-2024	-	May-27-2027	72.18	[ICRA]BBB (Stable)
NA	**Long-term fund-based others^**	NA	NA	NA	127.82	[ICRA]BBB (Stable)
NA	**Long-term fund-based term loan**	Mar-29-2023	12.0%	Mar-30-2025	15.0	[ICRA]BBB+(CE) (Stable); withdrawn
NA	**Commercial paper^**	NA	NA	NA	80.00	[ICRA]A3+

Source: Company, ICRA Research; ^ Yet to be placed/Proposed

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Akara Capital Advisors Private Limited	Rated entity	Full consolidation
EQX Analytics Private Limited	Group company with same parent	Full consolidation

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