April 30, 2025

Amica Finance Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previously Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term/ short-term fund-based/ non-fund-based bank lines	90.00	90.00	[ICRA]BB (Stable)/ [ICRA]A4; reaffirmed
Total	**90.00**	**90.00**	

**Instrument details are provided in Annexure I*

Rationale

The ratings for Amica Finance Private Limited's (AFPL) factor in the benefits it derives from being a part of Amica Financial Technologies Private Limited's (AFTPL; Jupiter[1]) ecosystem. AFPL leverages the Jupiter platform and its client base for loan originations, in addition to funding access in the form of inter-corporate deposits (ICD). The ratings for AFPL are, however, constrained on account of its modest scale of operations, limited financial flexibility and modest profitability indicators, given the nascent stages of operations. AFPL is involved in the business of providing short-term unsecured personal loans.

The company commenced operations in June 2023 and built assets under management (AUM) of Rs. 245.6 crore as on December 31, 2024 from 136.1 crore on March 31, 2024, with AUM expected to cross Rs. 260 crore by end of March 2025. AFPL's financial flexibility is limited owing to its few funding tie-ups to meet its funding requirement. AFPL' earnings profile is expected to remain subdued over the near term until it achieves economies of scale. Ability to limit slippages and raise funding at competitive rates while growing business volumes would be a key rating monitorable. Given the modest capitalisation profile, the company would need to raise capital to fund its growth as per business plans, since internal capital generation is expected to remain muted over the medium term.

The stable outlook reflects ICRA's expectation that the company would be able to improve its scale of operations profitably along with improvement in asset quality, thereby supporting the earnings profile.

Key rating drivers and their description

Credit strengths

Linkage and access to Jupiter ecosystem – AFPL is the associate entity of Jupiter and benefits from Jupiter's ecosystem by utilising its technology platform for loan origination, underwriting and management. Jupiter is the neo-banking platform operated by AFTPL and is a partner for Federal Bank. It was founded by Mr. Jitendra Gupta in 2019 and offers a range of financial services, including savings accounts, debit cards, SIPs, mutual funds, among others. Jupiter provides a user interface for customers to avail loan products from AFPL after opening the salary/ savings account over its platform. The linkages with Jupiter's ecosystem and the access to the customer database of Jupiter are expected to help AFPL in growing its loan base. AFPL incurs customer acquisition and technology costs against the services availed, which was about ~2-4% of the AUM in FY2025 compared to 5% in FY2024, indicating a decline. Furthermore, Jupiter extended funding support to AFPL in the form of sanctioned ICDs of Rs. 80 crore as on March 31, 2025 and the investors in AFPL's latest equity raise are common with those in Jupiter.

[1] *Jupiter is a neo-banking platform operated by Amica Financial Technologies Private Limited (AFTPL)*

Credit challenges

Limited track record of operations – AFPL started disbursements in June 2023 after receiving the NBFC license in April 2023. The company reported an AUM of Rs. 245.6 crore as on December 31, 2024 compared with Rs. 131.6 crore as on March 31, 2024, with AUM expected to cross Rs. 260 crore by end of March 2025. The company is involved in the business of short-tenure unsecured finance (average tenure of ~12 months). Since inception the cumulative credit cost as a percentage of cumulative disbursements stood at 8.8% as on December 31, 2024. As the company's track record has been limited and the scale is modest at present, the asset quality indicators are yet to be tested across economic cycles as business scales up. ICRA expects the scale to increase over the medium term, supported by continued regular capital raise (latest capital raise of Rs. 20 crore in May 2024).

Limited financial flexibility – AFPL's financial flexibility is characterised by limited funding tie-ups. The company has borrowings from a few banks and larger NBFCs. ICRA notes that the company has been expanding its funding relationships to include banks and NBFCs and has also raised debt in the form of NCDs and term loans in addition to the Rs. 80 crore ICD line from Jupiter. The average cost of funds was in the range of 11.5%-12.5%. Also, the company is expecting to meet the funding requirements incrementally by increasing the share of co-lending partnerships. AFPL's ability to diversify its funding profile and draw larger funding lines from banks and other sources would be important to scale up its operations.

Modest profitability indicators[2] – The profitability was subdued due to elevated credit cost due to weakening asset quality profile in 9MFY2025. The company reported improvement in operating profitability to Rs. 13.7 crore in 9MFY2025 partially driven by lower expenses to the tech platform for customer acquisition, compared with Rs. 2.9 crore in FY2024. However, higher write-offs resulted in elevated credit costs of Rs. 19.7 crore in 9MFY2025 compared with Rs. 2.9 crore in FY2024. Consequently, it reported a net loss of Rs. 4.7 crore in 9M FY2025 compared with PAT of Rs. 0.9 crore in FY2024). Given the nascent stage of operations, the earnings profile is expected to remain subdued in the near term due to volatile operating expense and credit costs, and the same shall moderate and stabilise with the increase in scale of operations.

Liquidity position: Adequate

As on December 31, 2024, the company has expected inflows from advances of Rs. 123.43 crore against scheduled debt obligations of Rs. 38.54 crore in the next 12 months. AFPL has cash and cash equivalents of Rs. 11.69 crore as on December 31, 2024. AFPL also has an ICD limit of Rs. 80 crore from Amica Financial Technologies Private Limited off which Rs. 28 crore is un-utilised as of March 31, 2025. Going forward, its ability to raise fresh funds in a timely manner will be important from a liquidity perspective.

Rating sensitivities

Positive factors – A significant 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 could be a credit positive.

Negative factors – A significant deterioration in the asset quality profile or weakening of capitalisation profile could exert pressure on the ratings. Weakening of the liquidity profile would also be a credit negative.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	ICRA's Credit Rating Methodology for Non-banking Finance Companies
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

[2] *Based on provisional financials for period ended December 31, 2024.*

About the company

AFPL commenced disbursements from June 2023 and is actively disbursing on-demand salary (ODS) loans and unsecured personal loans, with an average tenor of ~10 months. At present, there are three directors in the company, Mr. Jitendra Gupta (holding 77% of the shares), Ms. Smita Kumar and Mr. Piyush Kabra. The promoter, Mr. Jitendra Gupta owns a 36.5% stake in AFTPL, a Neo-bank startup founded in August 2019, with over 70 institutional investors, including Alteria Capital, Tiger Global and Sequoia Capital.

AFPL reported a net loss Rs. 4.7 crore on total managed assets of Rs. 311.7 crore in 9M FY2025 compared to a profit after tax of Rs. 0.9 crore on total managed assets of Rs. 146.2 crore, respectively in FY2024. As on December 31, 2024, the total AUM stood at Rs. 245.6 crore. It reported a capital-to-risk-weighted assets ratio (CRAR) of 27.6% as on December 31, 2024, and a gearing of 2.1 times (managed gearing of 5.7 times) as on December 31, 2024.

Key financial indicators

Amica Finance Private Ltd.	FY2023	FY2024	9MFY2025
	Audited	Audited	Provisional
Accounting as per	IGAAP	IGAAP	IGAAP
Total Income	0.1	16.1	32.0
Profit after tax	(0.3)	0.9	(4.7)
Total manged assets	2.2	146.2	311.7
Return on managed assets	NM	1.3	-2.7%
Gearing (managed; times)	-	3.3	5.7
Gross NPAs	-	-	-
Capital adequacy ratio	-	34.2%	27.6%

Source: Company, ICRA Research; Amount in Rs. crore; All ratios as per ICRA's calculations; NM – Not Material

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S. No.	Instrument	Current Rating (FY2026)			Rating History for the Past 3 Years		
		Type	Rated Amount (Rs. crore)	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023
				Apr 30, 2025	-	Jan 22, 2024	-
1	Long-term/ short-term bank limits	Long term and short-term	90.00	[ICRA]BB (Stable)/ [ICRA]A4		[ICRA]BB (Stable)/ [ICRA]A4	-

Source: ICRA Research

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term/ short-term fund-based/ non-fund based bank lines	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 March 31, 2025

ISIN	Instrument Name	Year of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Long-term/Short-term fund-based/Non-fund based bank lines**	NA	NA	2025	67.17	[ICRA]BB (Stable)/[ICRA]A4
NA^	**Proposed Long-term/Short- term fund- based/Non-fund based bank lines**	NA	NA	NA	22.83	[ICRA]BB (Stable)/[ICRA]A4

Source: Company; ^Unutilised

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

Annexure II: List of entities considered for consolidated analysis – Not applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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