



Press Release

Arham Wealth Management Private Limited (AWMPL)

January 30, 2025

Ratings

Instrument/ Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Fund Based Long Term Bank Facilities – Overdraft	45.00 (increased from 40.00)	IVR BBB/Stable (IVR Triple B with Stable outlook)	IVR BBB/Stable (IVR Triple B with Stable outlook)	Rating reaffirmed	Simple
Fund Based Long Term Bank Facilities – Proposed Facilities	22.00	IVR BBB/Stable (IVR Triple B with Stable outlook)	IVR BBB/Stable (IVR Triple B with Stable outlook)	Rating reaffirmed	Simple
Non-Fund Based – Long Term/Short Term Bank Facilities – Revolving loan facility (Intraday)	38.50	IVR BBB/Stable/ IVR A3+ (IVR Triple B with Stable outlook, IVR A three Plus)	IVR BBB/Stable/ IVR A3+ (IVR Triple B with Stable outlook, IVR A three Plus)	Rating reaffirmed	Simple
Non-Fund Based - Short Term Bank Facilities - Bank Guarantee	125.00 (increased from 80.00)	IVR A3+ (IVR A three Plus)	IVR A3+ (IVR A three Plus)	Rating reaffirmed	Simple
Proposed Non-Fund Based - Short Term Bank Facilities - Bank Guarantee	15.00	IVR A3+ (IVR A three Plus)	IVR A3+ (IVR A three Plus)	Rating reaffirmed	Simple
Total			245.50 (Rupees Two Hundred Forty-Five crore and fifty lakhs only)		

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics ratings has reaffirmed the ratings assigned to bank loan facilities of AWMPL as it continues to derive comfort from the improved earnings profile, comfortable capitalisation and debt protection metrics and experienced promoters. However, the ratings strengths are partially offset by high dependency on proprietary trading, susceptibility to uncertainties inherent in the capital market business and intense competition.

“Stable outlook” is on account of consistent growth in trading volumes and expected growth in the trading volumes on the back of comfortable capitalisation and established track record resulting in improvement in overall financial profile of the company.



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Key Rating Sensitivities:

Upward Factors

- Substantial and sustained improvement in scale of operations and profitability margins.

Downward Factors

- Substantial decline in trading volumes and profitability.
- Any adverse changes in the regulatory environment impacting the operations of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Improved earnings profile

AWMPL's scale of operations have consistently grown in last three years resulting in increase in total income from Rs.56.86 Crore in FY22 to Rs 66.69 crore in FY23 to Rs.99.74 crore in FY24 (refers to period 1st April 2023 – 31st March 2024). On the back of which the profitability of the company has also improved with company reporting PAT of Rs.23.25 Crores for FY24 when compared to Rs.14.93 Crore in FY23. EBITDA and PAT margins remain healthy at 42.83% (37.61% in FY23) and 23.31% (22.39% in FY23) respectively for FY24. Further for H1FY25, AWMPL has reported total income of Rs 146.65 crore and PAT of Rs 80.55 crore.

Comfortable capitalization and debt protection metrics

The company's tangible net worth stood comfortable at Rs.87.01 crore (Rs.43.71 crore as on 31 March 2023) as on March 31, 2024. The y-o-y increase was due to the accretion of the profits to reserves and capital infusion of Rs 20.05 crore by promoters in FY24. Also, the promoters have infused unsecured subordinated loans of Rs 73.75 crore in FY24 and considering the same as quasi equity, the adjusted tangible Networth stood at Rs 160.84 crore. The debt protection metrics also continues to remain comfortable in FY24 as indicated by ISCR of 4.31x (5.16x n FY23) and DSCR of 3.43x (4.18 in FY23) respectively.

Experienced Promoters



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Mr. Kiri Shah is the founding director of AWMPL. An engineer by qualification, has more than 3 decades of experience in the capital markets. He is actively engaged in business development by way of branch expansion of the company and has hands-on experience in the risk management of the company. He is well supported by a group of qualified and experienced management team.

Key Rating Weaknesses

High dependency on proprietary trading

AWMPLs major revenue stream is income from trading on the proprietary book which stood almost ~80% of total revenues for FY24 which might result in volatility of the revenues and profitability. Going forward the ability of the company to diversify its revenue stream through substantial contribution from subscription fee income would be a key rating sensitivity.

Susceptibility to uncertainties inherent in the capital market business

AWMPLs is engaged in the stock broking business and the stock market is volatile in nature, Market index like Sensex and Nifty goes up and down throughout the day and the company's operating performance is linked to the capital markets, which are inherently volatile as they are driven by economic and political factors as well as investor sentiments.

Intense Competition

Broking is a highly volatile and cyclical business with the presence of many established players who provide significant competition to the other fragmented and small players. The competition from large and established players and technology-focused new entrants is expected to continue to impact the revenue profile of players. This limits the profitability margins of the industry.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Financial Institutions/NBFCs](#)

[Financial Ratios & Interpretation \(Financial Sector\)](#)



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[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments](#)

Liquidity - Adequate

AWMPL has maintained adequate liquidity in the form of gross cash accruals of Rs. 24.10 crores for FY24 against no stipulated repayment schedule of the long-term loan. Current ratio for FY24 remains comfortable at 1.46x and quick ratio stood at 1.18x indicating adequate liquidity.

About the Company

Arham Wealth Management Private Limited (AWMPL) incorporated in 2014 is a Surat based share brokerage company. AWMPL is a member of BSE Ltd (BSE), National Exchange of India Ltd (NSE) & MCX Stock Exchange Limited (MCX-SX). The services provided include Broking, Research, IPO, Mutual Funds, Insurance & other advisory services. The company is also a Depository Participant (DP) with the Central Depository Services (India) Ltd (CDSL) and provides related services to its clients. The company also carries out trading in Commodities & Currencies apart from Equity and Futures & Options Segments of different exchanges.

Financials (Standalone)

For the year ended* As on	Rs in Crore	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	66.69	99.74
EBITDA	25.08	42.72
PAT	14.93	23.25
Total Debt	6.21	30.46
Tangible Net Worth	43.71	87.01
EBITDA Margin (%)	37.61	42.83



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PAT Margin (%)	22.39	23.31
Overall Gearing Ratio (x)	0.14	1.20
Interest Coverage (x)	5.16	4.31

* Classification as per Infomerics' standards

Status of Non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 2 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (Dec 29, 2023)	Date(s) & Rating(s) assigned in 2022-23 (October 04, 2022)	Date(s) & Rating(s) assigned in 2021-22
1.	Fund Based Long Term Bank Facilities – Overdraft	Long Term	45.00	IVR BBB/Stable	IVR BBB/Stable	IVR BBB/Stable	--
2.	Fund Based Long Term Bank Facilities – Proposed Facilities	Long Term	22.00	IVR BBB/Stable	IVR BBB/Stable	IVR BBB/Stable	--
3.	Non-Fund Based – Long Term/Short Term Bank Facilities – Revolving loan facility (Intraday)	Long Term/ Short Term	38.50	IVR BBB/Stable/ IVR A3+	IVR BBB/Stable/ IVR A3+	IVR BBB/Stable/ IVR A3+	--
4.	Non-Fund Based - Short Term Bank Facilities - Bank Guarantee	Short Term	125.00	IVR A3+	IVR A3+	IVR A3+	--
5.	Proposed Non-Fund Based - Short Term Bank Facilities - Bank Guarantee	Short Term	15.00	IVR A3+	IVR A3+	IVR A3+	--

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Details of Facilities/Instrument

Name of Facility	ISIN	Listing Status	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
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Fund Based Long Term Bank Facilities – Overdraft	-	-	-	-	Revolving	45.00	IVR BBB/ Stable
Fund Based Long Term Bank Facilities – Proposed Facilities	-	-	-	-	Revolving	22.00	IVR BBB/ Stable
Non-Fund Based – Long Term/Short Term Bank Facilities – Revolving loan facility (Intraday)	-	-	-	-	Revolving	38.50	IVR BBB/Stable/ IVR A3+
Non-Fund Based - Short Term Bank Facilities - Bank Guarantee	-	-	-	-	Revolving	125.00	IVR A3+
Proposed Non-Fund Based - Short Term Bank Facilities - Bank Guarantee	-	-	-	-	Revolving	15.00	IVR A3+

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Arham-Wealth-Management-30jan25.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable.

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com