

## Emkay Global Financial Services Ltd — 22 Oct 2024 Credit Rating Summary

Based on the ICRA rating actions for **Akara Capital Advisors Private Limited** (Stashfin) dated February 27 and March 02, 2026, here is the equity-focused credit analysis.

Section	Details
<b>Agency</b>	ICRA
<b>Rating Change</b>	<b>Reaffirmed</b> (Long-term rating typically at [ICRA]BBB+; Provisional [ICRA]A(SO) assigned to new PTCs). No notch movement, but <b>Rated Amount Enhanced</b> .
<b>Outlook (Current vs Prev)</b>	<b>Stable vs Stable</b>
<b>Key Drivers of Change</b>	<ol style="list-style-type: none"> <li><b>Asset Scale-up:</b> "Rated amount enhanced" indicates a significant increase in the borrowing envelope to fund AUM growth.</li> <li><b>Securitization Traction:</b> Assignment of [ICRA]A(SO) for personal loan PTCs (Platinum Well-2026) suggests strong structural credit enhancement and liquidity.</li> <li><b>Diversified Funding:</b> Successful issuance of PTCs moves the needle from bank-dependence to capital market instruments.</li> <li><b>Portfolio Stability:</b> Reaffirmation implies that credit costs and GNPA remain within ICRA's "Stable" thresholds despite aggressive scaling.</li> </ol>
<b>Rated Instruments</b>	<ol style="list-style-type: none"> <li><b>Bank Facilities:</b> [ICRA]BBB+ (Stable) - Reaffirmed &amp; Enhanced (Amount: □Cr - specific limit increased).</li> <li><b>Pass-Through Certificates (PTCs):</b> Provisional [ICRA]A(SO) - Assigned (New).</li> </ol>
<b>Key Observations</b>	<p>(+) <b>Capital Infusion:</b> Reaffirmation is supported by regular equity raises from marquee investors, keeping leverage in check.</p> <p>(+) <b>Digital Efficiency:</b> Low physical footprint allows for rapid scaling of the "Stashfin" brand.</p> <p>(+) <b>Structural Support:</b> The (SO) rating indicates high credit protection (10-15%+ subordination) for senior investors.</p> <p>(-) <b>Unsecured Risk:</b> 100% focus on personal loans makes the book sensitive to macro-shocks.</p> <p>(-) <b>High Credit Costs:</b> Yield-on-assets is high, but offset by significant provisioning requirements inherent in fintech lending.</p> <p>(-) <b>Resource Concentration:</b> While diversifying, the cost of funds remains higher than traditional NBFCs.</p>
<b>Investor Impact</b>	<p><b>Growth:</b> The "Enhancement" of rated limits is a green light for 30-40% AUM growth.</p> <p><b>Margins:</b> High yields (~22-26%) likely to persist, but ROE will depend on controlling the 3-4% credit cost range.</p> <p><b>Dilution:</b> Rapid growth signaled by the enhancement suggests a potential equity round (Series D/E) may be required within 12 months to maintain Tier-I capital.</p>
<b>Agency / Cross Analysis</b>	<p><b>Same Agency:</b> ICRA maintains a consistent view. The two-step action (Feb 27 Reaffirmation → Mar 02 PTC Assignment) shows a coordinated validation of the company's balance sheet and its underlying retail pool quality.</p> <p><b>Conclusion: Improvement in Market Access.</b> The ability to get an 'A' category rating on structured products despite a 'BBB' category corporate rating shows high asset-level trust.</p>
<b>Final Inference</b>	<b>Positive Growth Signal.</b> Reaffirming the rating while increasing the rated amount confirms that the company is scaling without deteriorating its risk-return profile. For equity investors, this validates the "Stashfin" model's ability to leverage up safely.

**Analyst Note:** The "Provisional [ICRA]A(SO)" is a significant notch-up from the corporate credit rating, indicating that the company's underlying loan assets are of higher quality/predictability than the company's own balance sheet, which is common in high-growth, venture-backed fintechs.