



## IPO Note

# Akiko Global Services Limited (The Money Fair)

Recommendation: **AVOID!**

### Company Background -

- Incorporated in June 2018, Akiko Global Services Limited partners with major banks and non-banking financial companies (NBFCs) in India.
- The company has six years of experience and specializes in distributing and selling financial products, such as credit cards and loans.
- The Money Fair, powered by Akiko Global Services Limited, is a technology platform that uses algorithms to gather and analyze data to assess creditworthiness.
- As of April 30, 2024, the company employs 418 permanent staff, including its directors and key managerial personnel.

### Objects of the Issue -

- Implementation of ERP Solution and TeleCRM
- Mobile Application for financial product solution
- To meet working capital requirements
- Enhancing visibility and awareness of the brands, including but not limited to "Akiko Global" or "Moneyfair"
- General Corporate Purposes.
- Issue Expenses

### Promoters Name -

Mr Ankur Gaba, Ms Richa Gaba, Mr Puneet Mehta,  
Mr Gurjeet Singh Walia and Ms Priyanka Dutta

### Rationale for recommendation -

- ✓ The company has seen an unsustainable increase in the bottom line.
- ✓ The company has negative Operating Cashflows
- ✓ The company's management overview is not very satisfactory

### IPO Details

Opening Date	June 25, 2024
Closing Date	June 27, 2024
Allotment Date	July 01, 2024
Listing Date	July 02, 2024
Stock Exchange	NSE SME
Lot Size	1,600 Shares
Issue Price Per Share	₹73 to ₹77
Issue Size	23.11 Cr.
Fresh Issue	23.11 Cr.
Offer for Sale	-
Application Amt	₹ 1,23,200 (1,600 shares)

### KPIs

KPI's	FY 22	2023	Jan-24
Revenue	1,351.92	3,958.11	2,590.30
EBITDA	116.97	631.56	440.62
Net Profit	77.86	453.26	321.48
RoCE	70.37%	88.95%	27.33%
ROE	63.23%	78.36%	22.91%
P/E	26.92	6.10	16.38

### Promoter Share Holding Pattern

Pre-Issue	Post Issue
92.77%	66.92%

### Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	5.03	3.63
BVPS	49.61	35.78
P/E	15.29	21.20
P/BV	1.55	2.15
Mkt Cap (In Cr)	59.81	82.93

### Lead Managers -

Fast Track Finsec Private Limited

### Registrar -

Skyline Financial Services Private Limited

**Business Overview -**

Originally Incorporated on June 13, 2018, Akiko Global Services Limited has its registered office in New Delhi, Delhi.

The company is a channel partner (DSA) for major banks and Non-Banking Financial Companies (NBFCs) in India, working majorly in the distribution and sales of financial products such as credit cards and loans.

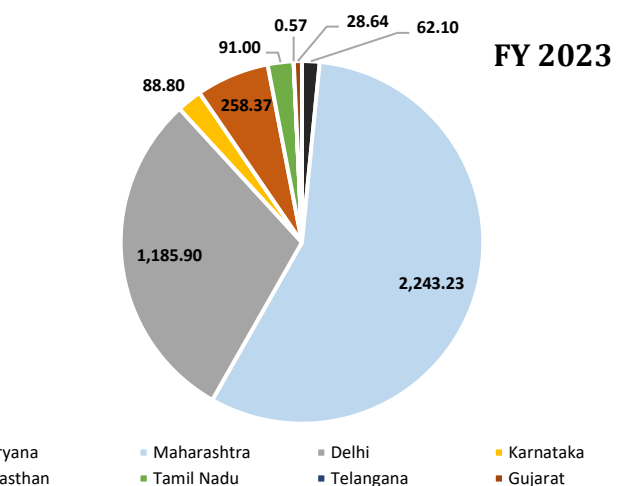
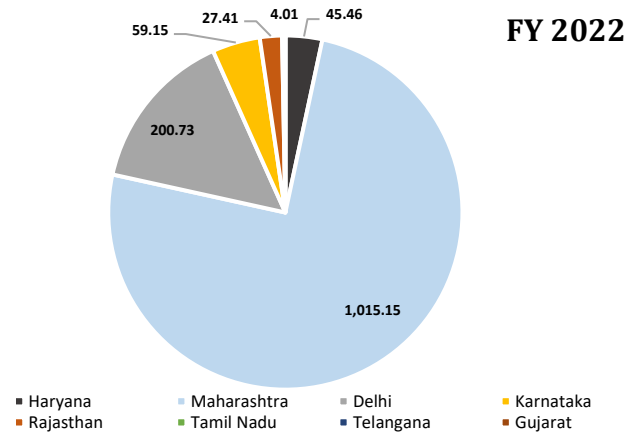
The company has a Customer Relationship Management (“CRM”) system in its day-to-day operations. All leads undergo injection and monitoring within the CRM, developed by the Company.

The company’s business model involves tele-calling, corporate activities, as well as a feet-on-street and digital marketing model to acquire customers digitally.

The company in the process of launching a mobile application for lead generation which will be integrated with all banks on APIs for instant status of a customer’s transaction, with an end-to-end processing of credit cards and personal loan application.

The website, Money Fair, powered by Akiko is an algorithm-based platform that gathers and analyses data of individuals from various sources and draws insights to ascertain their creditworthiness, and their past and current performance that helps in easy comparison of multiple offers available to a person and offers unbiased advice.

**Revenue Bifurcation for 2022 and 2023 State-wise**



Revenue Bifurcation as per commission earned for the FY ended 2021, 2022, 2023, and Period Ended Jan-2024 are as follows -

Commission	FY 2021	FY 2022	FY 2023	Jan-24
Sale of Credit Cards	610.78	1,272.72	3,876.71	2,531.72
Loans	-	20.04	51.65	58.41
Demat Accounts	-	59.16	-	-
Saving Accounts	-	-	29.75	-
<b>Total</b>	<b>610.78</b>	<b>1,351.92</b>	<b>3,958.11</b>	<b>2,590.13</b>

To conclude, the company has been in the industry since 2018 and is relatively new to the industry. The company operates in the business of distribution and sales of personal loans, and credit cards. The company is raising total gross proceeds of Rs. 2,311 Lakhs. The company is utilizing Rs. 170 lakhs for Implementation of ERP Solutions and TeleCRM, Rs. 280 lakhs for Mobile Application, Rs. 1138 lakhs for working capital requirements, Rs. 200 lakhs for enhancing visibility and awareness of the brand. The remaining amount are to be divided between general corporate purposes, and issue expenses. The company has seen an new source of revenue generation from the state of Chandigarh for period ended Jan-2024.

### Competition -

The financial service global market industry in India witnesses' intense competition, with numerous players vying for market share and is fragmented.

The company faces competition from domestic competitors.

The company has slightly moderate barriers to entry.

The competition is intense and Companies that fail to adopt or integrate new technologies may find themselves vulnerable to obsolescence or competition from more tech-savvy rivals.

The bargaining power with the customers is slightly high in the industry in which the company operates.

### Business Strategies -

**Enhancing Customer Acquisition:** To continue acquiring customers effectively, employ a multichannel approach that maximizes reach and engagement.

**Strengthening Customer Retention:** The company prioritize customer satisfaction by ensuring prompt and personalized support from our customer service team.

**Increasing Collaborations with Banks:** The company strive to deepen our relationships with banks. This collaboration will provide a competitive edge and open doors to exclusive products and features for our customers by showcasing our expertise, exceptional customer support, etc.

**Embracing Technology:** The company continues to reshape the financial industry; invest in innovative solutions that enhance operational efficiency and customer experience.

### Risk Factors -

The company's top ten customers contribute approximately 93.26% of the revenues for the financial year ended March 31, 2023. Any loss of business from one or more of them may adversely affect the revenues and profitability.

The company has had negative operating cash flows for the FY ended 2021 and Period Ended January 2024.

### PEER ANALYSIS

The company believes they do not have any listed peers for comparison.

**Indian Financial Services Industry -**

**Indian Direct Selling Industry -**

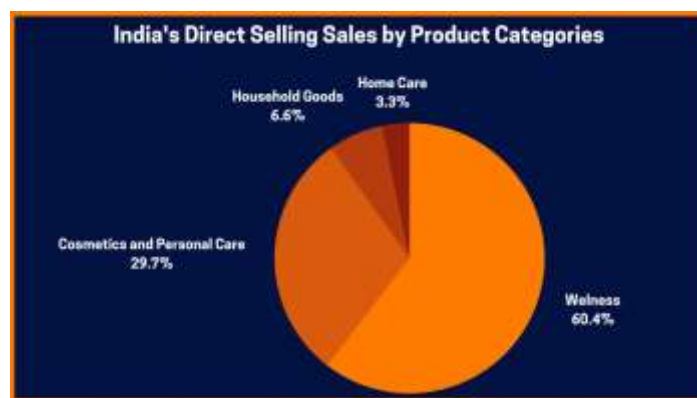
The Indian Direct Selling industry stood at around INR 19,000 Crores in 2021-22. The industry has grown approximately 5.3% from INR 18,000 Crores in 2020-21. It has shown a Compounded Annual Growth Rate (CAGR) of approximately 13%, growing from INR 11,650 Crores in 2017-18 to INR 19,000 Crores in 2021-22. The share of IDSA members in the total sales of the Direct Selling industry stood at 55% in 2021-22. Wellness & Nutraceuticals products contributed 59% of the Indian Direct Selling sales, followed by Cosmetics and Personal care which contributed 22% of the sales by the Indian Direct Selling Industry 2021-22.

**Indian Credit Card Industry -**

The credit card industry in India has witnessed a compound annual growth rate (CAGR) of 20% in the last five years. The number of credit cards crossed 78 million in July 2022. Moreover, in May 2022, the overall credit card spends reached its highest-ever number of INR 1.13 lakh crore. With the emergence of e-commerce, adoption of contact-less payments and changes in the value proposition, the post-pandemic credit card space has undergone a considerable change and is evolving constantly.

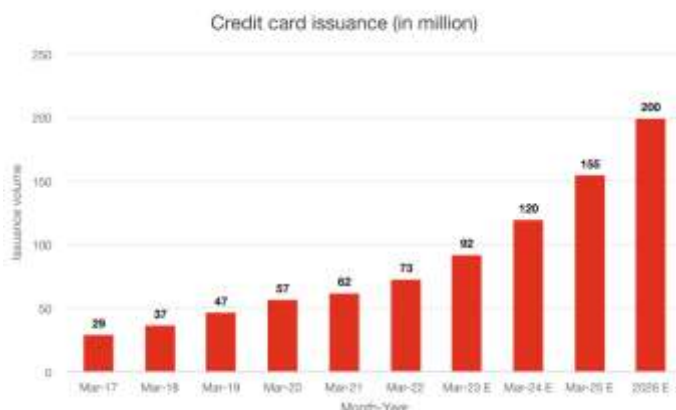
**Key Trends in Indian Direct Selling Industry-**

- The number of Active Direct Sellers in India increased from 79 lakhs in 2020-21 to about 84 lakhs in 2021- 22, registering a growth of 6% year-on-year.
- The Direct Selling industry has grown at a lower rate of 5.3% compared to 7.7% in FY 21.
- A reduction has been observed in direct sellers considering direct selling as part of their extra income from 41% in FY21 to 21% in FY22.
- Wellness as a category that accounts for 58.8% of the total Direct Selling business (vs. 57.8% in FY 21), saw the highest growth of 7.1% in FY 22, followed by cosmetics and personal care products at 6.7%.



**Road Ahead -**

The Indian credit card market is at the right juncture to expand the industry to the next level. The guidelines by the RBI are also facilitating this expected exponential growth in the coming years. With the RBI promoting as well as structuring the space, a levelled playing field can be created, which will challenge the players to be more innovative in their product and service offerings. All the new developments in the credit card industry are expected to cater to the untapped customer segments by offering new and innovative products via various channels and modes for online, offline and transit payments. Providing dedicated mobile applications for credit cards, that facilitate end-to-end customer services, is a pressing priority as the general mobile banking applications have limited features and customers must largely rely on websites for fulfilling their payment needs.



Source –  
 Content – Prospectus  
 Charts – pwc.in  
 startuptalky.com

**Key Management -**

<b>Key Management Persons Name -</b>	<b>Priyanka Dutta</b>
<b>Age</b>	38
<b>Designation and No. of years of experience</b>	Promoter, and Managing Director, 15 Years of experience.
<b>Qualification</b>	Senior Secondary Certificate
<b>Roles and Responsibility</b>	-
<b>Other Ventures</b>	-

<b>Key Management Persons Name -</b>	<b>Richa Arora</b>
<b>Age</b>	38
<b>Designation and No. of years of experience</b>	Director and Chief Financial Officer, 14 years of experience.
<b>Qualification</b>	Certified in Fashion Designing
<b>Roles and Responsibility</b>	-
<b>Other Ventures</b>	-

<b>Key Management Persons Name -</b>	<b>Puneet Mehta</b>
<b>Age</b>	40
<b>Designation and No. of years of experience</b>	Promoter, and Non-Executive Director, 15 years of experience
<b>Qualification</b>	Certified in Performing Arts, Certificate in Computer Application
<b>Roles and Responsibility</b>	-
<b>Other Directorships</b>	GWPM Realtors and Developers Private Limited, Salhydrau Industries Private Limited, Final Act Production Private Limited

<b>Key Management Persons Name -</b>	<b>Gurjeet Singh Walia</b>
<b>Age</b>	44
<b>Designation and No. of years of experience</b>	Promoter and Executive Director, 14 years of experience
<b>Qualification</b>	-
<b>Roles and Responsibility</b>	-
<b>Other Directorships</b>	GWPM Realtors and Developers Private Limited, Salhydrau Industries Private Limited, Final Act Production Private Limited

<b>Key Management Persons Name -</b>	<b>Jagjit Singh</b>
<b>Age</b>	53
<b>Designation and No. of years of experience</b>	Non-Executive and Independent Director, 30 years of experience
<b>Qualification</b>	Graduation in Political Science (Hons)
<b>Roles and Responsibility</b>	-
<b>Other Ventures</b>	President of Janak Place Market Association since 2004

<b>Key Management Persons Name -</b>	<b>Achal Kapoor</b>
<b>Age</b>	36
<b>Designation and No. of years of experience</b>	Non-Executive and Independent Director, 10 years of experience
<b>Qualification</b>	Law Graduate, PGD in Business Management (Finance), Qualified Independent Director Exam
<b>Roles and Responsibility</b>	-
<b>Other Directorships</b>	Adishakti Loha and Ispat Limited, Kotia Enterprises Limited, Valecha Engineering Limited

## FINANCIAL SNAPSHOT

## Statement of Profit and Loss

Amt in Lakhs.

Particulars	FY 22	FY 23	Jan-24
Revenue from Operations	1,351.92	3,958.11	2,590.30
Other Income	1.39	0.86	19.47
<b>Total Income</b>	<b>1,353.31</b>	<b>3,958.97</b>	<b>2,609.77</b>
Purchase of Services	511.74	1,466.05	1,004.34
Finance costs	2.28	3.40	3.20
Finished Goods & Stock in Trade			
Finance costs	5.02	451.41	420.38
Depreciation and Amortization expense	11.51	19.23	19.92
Other expenses	723.21	1,860.50	1,145.34
<b>Total Expenses</b>	<b>1,248.74</b>	<b>3,349.18</b>	<b>2,172.80</b>
<b>EBITDA</b>	<b>116.97</b>	<b>631.56</b>	<b>440.62</b>
<b>Prior Period Item</b>	<b>-0.10</b>	<b>-</b>	<b>-</b>
<b>Profit/(Loss) before tax</b>	<b>104.47</b>	<b>609.79</b>	<b>436.97</b>
Tax Expense	26.61	156.53	115.49
<b>Profit/(Loss) for the year</b>	<b>77.86</b>	<b>453.26</b>	<b>321.48</b>

## Statement of Assets and Liabilities

Amt in Lakhs.

Equity	FY 22	FY 23	Jan-24	Assets	FY 22	FY 23	Jan-24
Share Capital	2.00	4.00	776.80	Tangible Assets	53.65	64.26	49.18
Other Equity	121.14	574.40	626.57	Deferred Tax Assets	-	3.29	5.30
<b>Total Equity</b>	<b>123.14</b>	<b>578.40</b>	<b>1,403.37</b>	Trade receivables	273.06	679.75	1,342.14
<b>Liabilities</b>	<b>282.53</b>	<b>552.47</b>	<b>391.54</b>	Cash and cash equivalents	8.56	100.56	29.71
Long Term Borrowings	26.13	95.89	122.05	Short-Term Loans and Advances	69.36	152.70	158.57
Deferred tax liability	0.60	-	-	Other Current Assets	1.04	130.30	210.01
Long Term Provisions	-	14.10	14.10	<b>Total Assets</b>	<b>405.67</b>	<b>1,130.86</b>	<b>1,794.91</b>
Short Term Borrowings	0.00	0.00	0.00				
Trade Payables	47.98	118.72	69.83				
Other Current Liabilities	207.82	250.49	159.15				
Short Term Provisions	-	73.27	26.41				
<b>Total Equity and Liabilities</b>	<b>405.67</b>	<b>1,130.87</b>	<b>1,794.91</b>				

## Key Ratios

Per Share Data	FY 22	FY 23	Jan-24	Valuation Ratios (x)	FY 22	FY 23	Jan-24
Diluted EPS	2.86	12.62	5.03	EV/EBITDA	1.20	0.91	7.26
BV per share	1.59	7.45	49.61	Market Cap / Sales	6.13	2.10	2.68
<b>Operating Ratios</b>				P/E	26.92	6.10	15.29
EBITDA Margins	8.65%	15.96%	17.01%	Price to Book Value	48.57	10.34	1.55
PAT Margins	5.75%	11.45%	12.53%				
Inventory days	-	-	-	<b>Solvency Ratios</b>			
Debtor days	73.72	62.68	158.55	Debt / Equity	0.21	0.17	0.03
Creditor days	34.22	29.56	21.28	Current Ratio	1.38	2.40	6.81
<b>Return Ratios</b>				Quick Ratio	1.38	2.40	6.81
RoCE	70.37%	88.95%	13.06%	Asset Turnover	3.33	3.50	1.44
RoE	63.23%	78.36%	10.15%	Interest Coverage Ratio	46.25	180.10	131.47



**LEAD MANAGER TRACK RECORD -**

The lead manager to the issue is Fast Track Finsec Private Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

**Fast Track Finsec Private Limited –**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Pearl Green Clubs and Resorts Limited	11.71	186.00	July 07, 2022	191
2.	Globesecure Technologies Limited	10.12	29.00	June 02, 2022	121
3.	Jeena Sikho Lifecare Limited	55.50	150.00	April 19, 2022	1,073
4.	SBL Infratech Limited	2.37	111.00	September 28, 2021	81.4
5.	Trekkingtoes.com Limited	4.54	105.00	August 28, 2020	29.2**
6.	Ascom Leasing & Investments Limited	6.32	30.00	December 06, 2019	266***
7.	Goblin India Limited	15.20	52.00	October 15, 2019	55
8.	Kranti Industries Limited	8.58	37.00	February 28, 2019	98

The company has handled 6 mandates in the past three years (including the current year)

\*CMP for the above-mentioned companies is taken as of 25<sup>th</sup> June 2024.

As per the offer document, from the above-mentioned mandates 1 opened at par, 2 opened at discount and the remaining all opened at premiums.

### Recommendation -

The company has been in the industry since 2018 and has decent experience in the industry. The management overview of the company is not very satisfactory

The P/E on a post-IPO and annualised basis is around 21.20 times which makes it fairly priced by looking at the performance of the company.

The company has seen an increase in the top line and bottom line of its financials. The company's business overview is not very satisfactory and does not seem to have long-lasting growth. The company has had negative operating for the Period ended Jan-2024. Due to the above-mentioned points, we recommend **AVOID** applying to this IPO.

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