Kaleidofin Capital Private Limited (Revised)

June 11, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	100.00	CARE BBB-; Stable	Reaffirmed
Non-convertible debentures	25.00	CARE BBB-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has considered consolidated approach of Kaleidofin Private Limited (KPL), the holding company of Kaleidofin Capital Private Limited (KCPL) for arriving at ratings of bank facilities of KCPL.

The rating assigned to KCPL's long-term bank facilities ratings derives strength from the technology-based credit scoring model, ki score, owned by the parent company, KPL. Ratings also derive comfort from the experienced board and management team, and adequate capitalisation supported by regular equity infusion. In FY25, KPL raised equity capital of ~₹156 crore in multiple tranches from institutional investors, resulting in a tangible net worth of ~₹190 crore as on March 31, 2025.

The rating remains constrained considering moderate track record and small scale of operations, weak profitability (on a consolidated basis) led by higher operating expenses and exposure to riskier borrower profile. Even though the asset quality performance remains comfortable due to the limited track record, performance of asset quality through economic cycles is yet to be established. However, CareEdge Ratings also takes into cognisance the company's ability to control the asset quality by leveraging credit scoring model ki score and ki view, which helps in addressing early warning signals.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Significant mobilisation of equity capital for further growth in business.
- Sustained growth in the loan portfolio while maintaining asset quality.
- Improvement in the profitability with return on total assets (ROTA) above 1.5% on a sustained basis.
- Significant improvement in the borrowing profile.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Significant deterioration in the underwriting performance of ki score, the technology-based credit scoring model.
- Deterioration in the profitability parameters on a sustained basis.
- Overall gearing exceeding 4x on a sustained basis.

Analytical approach: Consolidated

CareEdge Ratings has taken a consolidated view of KPL for assessing KCPL's business and financial position. Ratings also factor in the technology support KCPL receives from the parent in the form of tech-based credit scoring model. Entities considered for consolidation are listed under Annexure 6.

Outlook: Stable

The "Stable" outlook factors in experience management team, adequate capitalisation and the ability to raise equity capital on need basis.

Detailed description of key rating drivers:

Key strengths

Technology-based credit scoring model, ki score

KCPL utilises technology-based, data driven credit scoring model 'ki score', which is owned by the parent KPL. These supervised machine learning models significantly enhance credit underwriting decision-making process. ki score and ki view leverage a database of 35 million customers to deliver credit assessments. ki score ranges from 01 to 100 and serves as an indicator of

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

creditworthiness, with lower scores denoting better credit profiles. In seven years of training, the model sanctioned loans exceeding ₹38,000 crore to over 7.2 million customers. ki score helps partner firms reduce delinquencies, as evidenced by ki score accepted loan books showing ~3% lower 90+ DPDs compared to ki score rejected (but disbursed) loan books. As the model continues to be utilised, its efficiency and accuracy are expected to improve, addressing gaps in the credit underwriting market. Going forward, performance of the credit underwriting model will remain a key monitorable.

Adequate capitalisation supported by capital infusion

KPL commenced its business operations in FY18 with seed capital funding from its promoters, Puneet Gupta (co-founder and CEO of KCPL) and Sucharita Mukerjee (co-founder and CEO of KPL). The company has consistently raised capital from private equity and venture capital funds. Till date, KPL has raised a total equity capital of ~₹324 crore, including ₹107 crore raised in 9MFY25 from institutional investors such as Rabo Partnerships, the Michael and Susan Dell Foundation, and Oikocredit and additional equity infusion of €5 million (~₹49 crore) from IDH, Netherlands in Q4FY25. In the last five years, the company has demonstrated its ability to regularly capitalise its balance sheet to support business operations.

On a consolidated basis, KPL's tangible net worth (TNW) stood at ₹136 crore with overall gearing at 0.53x as on December 31, 2024, which is significantly lower compared to 1.91x as on March 31, 2024, mainly supported by capital infusion. Post the recent equity infusion of ₹49 crore, KPL's networth has increased to ~₹190 crore.

KCPL reported a capital adequacy ratio (CAR) of 40.04% as on March 31, 2024, compared to 62.74% as on March 31, 2023, well above the regulatory requirement. As on December 31, 2024, CAR stood at 74.6% driven by equity infusion in KPL, which was down streamed to KCPL. CareEdge Ratings expects the company to grow its scale of operations by optimally leveraging the capital structure while keeping overall gearing under 3x in the medium term**.**

Experienced board and management team

KPL's board comprises seven directors, including three executive directors, one independent director, and three additional directors as on December 31, 2024. The company is led by Sucharita Mukherjee, the managing director and CEO of KPL, with over 23 years' experience, having led origination and structuring efforts in credit derivatives at Morgan Stanley in London. She was also a part of the credit derivatives team at Deutsche Bank in London and previously served as the founding CEO of Northern Arc Capital and Chairperson of Northern Arc Investments.

The group's non-banking financial company (NBFC) arm KCPL is headed by Puneet Gupta, who has over 23 years' experience. He co-founded the IFMR group (now Northern Arc Capital and Dvara Group) and served as the Group CFO of IFMR Holdings. Prior to this, he was a part of the founding team for microfinance segment at ICICI Bank. Key personnel are backed by experienced team members to oversee different company verticals.

Key weakness

Weak profitability led by higher operating expenses

Given the nascent stage of business operations and higher operating expenses, KPL's profitability continues to remain weak. On a consolidated basis, KPL reported loss of ₹32 crore on total income of ₹29 crore in FY24 compared to a loss of ₹23 crore on total income of ₹12 crore in FY23.

On a consolidated basis, KPL reported loss of ₹19 crore on total income of ₹32 crore in 9MFY25. Driven by the improvement in the KCPL's scale of operations, which has supported revenue generation, losses have decreased over time. However, the company's ability to achieve break even on a consolidated basis, while reducing operating expenses and maintaining credit costs, would be a key monitorable.

On standalone basis, KCPL reported profit after tax (PAT) of ₹0.10 crore on total income of ₹24 crore in FY24 compared to PAT of ₹0.11 crore on total income of ₹3.69 crore in FY23, considering higher cost of operations, employee costs and credit costs. In 9MFY25, the net loss stood at ₹0.43 on total income of ₹24 crore. CareEdge Ratings also notes that on a standalone basis, KCPL achieved break-even in February 2025.

Moderate track record and small scale of operations

The parent entity, KPL, was established in July 2017, while KCPL was incorporated in March 2021. However, KCPL started its lending operations from FY23 onwards. Consequently, both entities continue to be in the nascent stages of their business operations with moderate track record.

KCPL has adopted a branchless, partner driven lending model through originator partners with ~15 partners. Total disbursements by KCPL through these partners stood at ₹152 crore in FY25 (FY24: ₹132 crore and FY23: ₹50crore) substantially growing post equity infusion. The company's assets under management (AUM) stood at ₹181 crore as on March 31, 2025, increasing from ₹114 crore as on March 31, 2024. (March 31,2023: ₹45 crore). Looking ahead, KCPL's ability to scale its business operations while maintaining asset quality and profitability would be a key rating monitorable.

Moderate asset quality and exposure to riskier borrower profile

The borrower segment that KCPL operates in typically, includes individual customers (retail) and small business owners (nano and micro enterprises), who generally have relatively weaker credit profiles. As on December 31, 2024, the loan book outstanding comprises a mix of secured and unsecured loans. KCPL currently recognises non-performing assets (NPAs) on a 150+ days past due (dpd) basis. The delinquency level on a 150+ dpd basis was nil as on December 31, 2024, supported by the first loss default guarantee (FLDG) of ~5% provided by the originator partner. However, the 90+ dpd stood at 1.91% as on March 31, 2025, compared to 0.02% as on March 31, 2024, owing to the rising stress in the sector. Considering a significant portion of the total AUM, specifically 49%, originates from Tamil Nadu, a state known for its better credit quality, delinquencies remain controlled.
Given the recent increase in the scale of operations and an average loan tenure of around two years, the portfolio's seasoning is moderate. The asset quality performance across economic cycles is yet to be established and will be a key rating monitorable. CareEdge Ratings also takes cognisance of KCPL's ability to control the asset quality leveraging 'ki view', which helps monitor rising delinquencies through continuous monitoring portfolio and providing early warning signals and to take prompt corrective actions.

Liquidity: Adequate

KCPL's liquidity profile stands adequate with positive cumulative mismatches in all timeframe buckets per the asset liability management (ALM) statement as on March 31, 2025. KCPL has liquidity of ₹42 crore as on March 31, 2025, in the form of cash, bank balance, and unencumbered fixed deposit, which is sufficient for debt repayment obligation for the next six months. Apart from liquidity, KCPL also had undrawn debt sanctions of ₹144 crore as on December 31, 2024. The company's liquidity is supported by regular equity infusion from private equity and venture capital funds.

Assumptions/Covenants- Not applicable

Environment, social, and governance (ESG) risks - Not applicable

Applicable criteria

Consolidation
Definition of Default
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Non Banking Financial Companies

About the company and industry

Kaleidofin Private Ltd (KPL)

KPL is the parent company of KCPL, holding 100% shareholding in KCPL. KPL owns and operates a data-based credit underwriting model driven by the kaleidofin inclusive (ki) Score and ki view. The ki score, derived from a supervised AI/ML model, enhances decision-making by integrating ensemble data modelling and different data sources. KPL collaborates with financial institutions, including NBFCs and banks, to provide superior credit underwriting through the ki score and ki view. Services offered by KPL encompass risk infrastructure for customer acquisition, customer management, and risk management. Data sources utilised for generating ki scores include credit bureau data, transaction data, behavioural information (such as saving behaviour) and demographic data (including loan application data, house and farm holdings among others) among others. The loan book accepted based on the ki score has demonstrated ~3% lower 90+ DPD rates compared to the loan book rejected (but disbursed) based on the ki score. The ki view tool facilitates data visualisation and analysis, aiding in understanding customer behaviour patterns concerning collections. The ki view tool tracks the entire customer lifecycle, leveraging dynamic data rather than static, point-in-time data.

Kaleidofin Capital Private Limited (KCPL)

KCPL is a NBFC incorporated on March 19, 2021. As on March 31, 2025, 100% of KCPL's shareholding is held by its parent company, KPL. The primary products offered by KCPL include agricultural and allied loans, women entrepreneur loans, micro-entrepreneur loans (MEL), and small business loans. KCPL collaborates with select NBFCs to facilitate origination, ensuring a granular portfolio.
As on March 31, 2025, the AUM stood at ₹181 crore, and TNW stood at ~₹190 crore.

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial Services	Financial Services	Finance	Non-Banking Financial Company (NBFC)

For KPL (Consolidated)

Brief Financials (₹ crore)	31-03-2023	31-03-2024	31-12-2024
	A	A	UA
Total income	12	29	32
PAT	-23	-32	-19
Total tangible assets	117	143	217
Net NPA (%)^	0%	0%	0%
ROTA (%)*	-25.37	-24.83	-13.79

A: Audited UA: Unaudited; Note: these are latest available financial results
*Based on total tangible asset; ^based on 150+dpd

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non Convertible Debentures	INE13HX07024	05-07-2024	14.75%	07-07-2026	6.67	CARE BBB-; Stable
Debentures-Non Convertible Debentures	Proposed	-	-	-	18.33	CARE BBB-; Stable
Fund-based - LT-Term loan / Working Capital Facility	-	-	-	December 2026	100.00	CARE BBB-; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned	Date(s) and Rating(s) assigned	Date(s) and Rating(s) assigned	Date(s) and Rating(s) assigned

					in 2025-2026	in 2024-2025	in 2023-2024	in 2022-2023
1	Fund-based - LT-Term loan / Working Capital Facility	LT	100.00	CARE BBB-; Stable	1)CARE BBB-; Stable (25-Apr-25)	-	-	-
2	Debentures-Non Convertible Debentures	LT	25.00	CARE BBB-; Stable	-	-	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities - Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-Convertible Debentures	Simple
2	Debentures-Non-Convertible Debentures	Complex
3	Fund-based - LT-Term loan / Working Capital Facility	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Kaleidofin Capital Private Limited	Full	Wholly owned subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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