

**Kinara Capital Private Limited (Revised)**

August 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-Term Bank Facilities	256.51	CARE D	Downgraded from CARE C
Subordinate debt-VI	75.00	CARE D	Downgraded from CARE C
Non-convertible debenture-XI	113.08	CARE D	Downgraded from CARE C
Non-convertible debenture-XII	30.56	CARE D	Downgraded from CARE C
Non-convertible debenture-XIII	194.60	CARE D	Downgraded from CARE C

Details of instruments/facilities in Annexure-1.

**Rationale and key rating drivers**

Care Ratings Limited (CareEdge Ratings) has downgraded the ratings assigned to the bank facilities and debt instruments of Kinara Capital Private Ltd (KCPL), following the delay in servicing principal and interest payment to its non-convertible debenture (NCD) issue (ISIN: INE200W07431). On behalf of the debenture holders, the debenture trustee had issued acceleration notice to the company on August 01, 2025, citing covenant breaches for quarter ended March 31, 2025. As per the terms of the notice, KCPL was given two business days to cure the default and fulfil the payment obligation. However, as informed by the trustee, the company did not regularize the payment within the stipulated timeline, resulting in an event of default. The rating action is in line with CareEdge Ratings's policy on default recognition. The development also underscores increased stress in the company's liquidity and overall financial profile.

**Rating sensitivities: Factors likely to lead to rating actions**
**Positive factors: Factors that could, individually or collectively lead to positive rating action/upgrade:**

- Timely servicing of debt obligations (i.e., principal and interest) for minimum 3 continuous months.

**Analytical approach:** Standalone

**Outlook:** Not applicable

**Detailed description of key rating drivers:**
**Key weakness**
**Deterioration in liquidity profile**

As of June 30, 2025, KCPL reported an unencumbered cash balance of ₹98 crore, which declined to ₹70 crore by July 29, 2025. The company had anticipated meeting its debt obligations through loan collections; however, the appropriation and set-off of fixed deposits and collections by certain lenders have materially weakened its liquidity position. These developments have disrupted its ability to maintain normal operations. Additionally, acceleration of debt by other lenders is expected to further intensify liquidity pressures. As on June 30, 2025, the company had outstanding debt of ₹1,853 crore.

**Weak asset quality parameters**

In FY25, delinquency in softer buckets (on AUM basis) increased as 0+ DPD and 30+ DPD stood at 15.9% and 12.1% respectively as on March 31, 2025, against 10.7% and 7.9%, respectively as on March 31, 2024. Slippage continues to remain high at 8.00% for FY25 (PY:8.00%). Asset quality deteriorated due to higher delinquencies witnessed in certain sectors and geographies, and in loans disbursed at higher ticket size.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

### Weak profitability

In FY25, Kinara reported loss of ₹351 crore of loss on a total income of ₹601 crore against profit after taxes (PAT) of ₹62 crore on a total income of ₹734 crore in FY24. Overall income moderated due to higher payouts in co-lending arrangements. Additionally, operating expenses continue to remain high with an increase in employee cost. Credit cost remains high at 14.5% in FY25 (7.1% in FY24) due to continued deterioration in asset quality and higher write-offs along with de-growth in book by 10%. The company has written off loans aggregating ₹341 crore in FY25 and also carried management overlay of ₹24 crore in the provisioning. With reduction in income and high credit cost, the company has reported losses in FY25. The combination of high credit costs, subdued income, and high operating expenses led to a sharp erosion in profitability in FY25.

### Liquidity: Poor

KCPL's liquidity remains poor as reflected by the delays in the debt servicing. Recent actions by the lenders such as loan set off, recall of loans and invocation of event of default has significantly impaired the financial and business risk profile of the company.

### Applicable criteria

[Definition of Default](#)

[Financial Ratios - Financial Sector](#)

[Non Banking Financial Companies](#)

### About the company and industry

#### Industry classification

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

Kinara (erstwhile Visage Holdings and Finance Private Limited) was incorporated in New Delhi in 1996 and registered as an NBFC and obtained the certificate of registration from the Reserve Bank of India (RBI) on March 23, 2000. Kinara was taken over by the current promoter, Hardika Shah, in 2011, and subsequently, the registered office moved to Bengaluru in 2013. It obtained a fresh certificate of registration from RBI on August 27, 2013. The company provides collateral-free loans under the brand name 'Kinara Capital' in the range of ₹1 lakh to ₹30 lakh to micro and small businesses in manufacturing, trading and services, for machinery purchase, business development or working capital need, at a rate of 22-33% for a tenure of 12-60 months. Overall, the company operates with four products, MSME business loan, short-term working capital, machinery purchase, and LAP. Of these, long-term working capital is the company's major product. In June 2023, the company's name has been changed from "Visage Holdings and Finance Private Limited" to "Kinara Capital Private Limited". As on March 31, 2025, Kinara operates from 80 branches spread across six states, with an employee base of 1,652, and AUM of ₹2,831 crore. As on March 31, 2025, on a fully dilutive basis, 8.4% is held by the promoter, Hardika Shah, including compulsory convertible debentures (CCDs). Other major shareholders were Nuveen Global Impact Fund India S.À R.L, Gaja Capital and Affiliates, Gawa Capital and Affiliates, Patamar Capital and Affiliates, Michael & Susan Dell Foundation, British International Investment, Pettelaar Effectenbewaarbeprij N.V., Visage Trust, Sorenson Impact Foundation, Mesoloan LLC, John Ayliffe, and Kinara Capital Holdings Private Limited.

Brief Financials (₹ crore) (Standalone)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	498	734	601
PAT	41	62	-351
Interest coverage (times)	1.30	1.30	NM
Total assets	2,502	3,049	2,596
Net NPA (%)	4.57	2.97	4.76
ROTA (%)	2.08	2.24	NM

A: Audited; Note: these are latest available financial results NM: Not meaningful

**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	Coupon Rate	Maturity Date	Size of Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term loan	-	-	-	Mar-26	256.51	CARE D
Debentures-Non-convertible debentures-XI	INE200W07233	14-Mar-2022	13.30%	08-Dec-2025	53.08	CARE D
	INE200W07415	25-Mar-2022	13.74%	25-Mar-2026	60.00	CARE D
Debentures-Non-convertible debentures-XII	INE200W07266	25-Apr-2022	13.00%	08-Dec-2025	30.56	CARE D
Debentures-Non-convertible debentures-XIII	INE200W07407	22-May-2024	13.20%	25-May-2027	60.20	CARE D
	INE200W07423	06-Aug-2024	13.10%	07-Aug-2027	30.00	CARE D
	INE200W07431	27-Aug-2024	10.28%	27-Aug-2027	33.25	CARE D
	INE200W07449	17-Sep-2024	12.00%	17-Sep-2029	47.04	CARE D
	INE200W07456	03-Feb-2025	13.00%	13-Sep-2027	20.00	CARE D
	Proposed	-	-	-	4.11	CARE D
Debt-Subordinate debt-VI	INE200W08124	15-Oct-2024	13.40%	15-Jan-2030	20.00	CARE D
	Proposed	-	-	-	55.00	CARE D

#### 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 in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	256.51	CARE D	1)CARE C (01-Aug-25) 2)CARE BBB-; Stable (10-Jun-25)	1)CARE BBB; Stable (24-Feb-25) 2)CARE BBB+; Negative (11-Nov-24) 3)CARE BBB+; Stable (24-Sep-24)	1)CARE BBB+; Stable (29-Mar-24)	1)CARE BBB; Positive (31-Mar-23) 2)CARE BBB; Stable (27-Jun-22)
2	Debt-Subordinate Debt	LT	-	-	-	-	-	1)Withdrawn (31-Mar-23)

								2)CARE BBB; Stable (27-Jun-22)
3	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (31-Mar-23)  2)CARE BBB; Stable (27-Jun-22)
4	Debt-Subordinate Debt	LT	-	-	1)Withdrawn (01-Aug-25)  2)CARE BBB-; Stable (10-Jun-25)	1)CARE BBB; Stable (24-Feb-25)  2)CARE BBB+; Negative (11-Nov-24)  3)CARE BBB+; Stable (24-Sep-24)	1)CARE BBB+; Stable (29-Mar-24)	1)CARE BBB; Positive (31-Mar-23)  2)CARE BBB; Stable (27-Jun-22)
5	Debt-Subordinate Debt	LT	-	-	-	-	-	1)Withdrawn (31-Mar-23)  2)CARE BBB; Stable (27-Jun-22)
6	Debt-Subordinate Debt	LT	-	-	1)Withdrawn (01-Aug-25)  2)CARE BBB-; Stable (10-Jun-25)	1)CARE BBB; Stable (24-Feb-25)  2)CARE BBB+; Negative (11-Nov-24)  3)CARE BBB+; Stable (24-Sep-24)	1)CARE BBB+; Stable (29-Mar-24)	1)CARE BBB; Positive (31-Mar-23)  2)CARE BBB; Stable (27-Jun-22)
7	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (24-Sep-24)	1)CARE BBB+; Stable (29-Mar-24)	1)CARE BBB; Positive (31-Mar-23)  2)CARE BBB; Stable (27-Jun-22)
8	Debt-Subordinate Debt	LT	-	-	1)Withdrawn (01-Aug-25)  2)CARE BBB-; Stable (10-Jun-25)	1)CARE BBB; Stable (24-Feb-25)	1)CARE BBB+; Stable (29-Mar-24)	1)CARE BBB; Positive (31-Mar-23)

						2)CARE BBB+; Negative (11-Nov-24)  3)CARE BBB+; Stable (24-Sep-24)		2)CARE BBB; Stable (27-Jun-22)
9	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (31-Mar-23)  2)CARE BBB; Stable (27-Jun-22)
10	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (29-Mar-24)	1)CARE BBB; Positive (31-Mar-23)  2)CARE BBB; Stable (27-Jun-22)
11	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (29-Mar-24)	1)CARE BBB; Positive (31-Mar-23)  2)CARE BBB; Stable (27-Jun-22)
12	Debentures-Non Convertible Debentures	LT	-	-	1)Withdrawn (01-Aug-25)  2)CARE BBB-; Stable (10-Jun-25)	1)CARE BBB; Stable (24-Feb-25)  2)CARE BBB+; Negative (11-Nov-24)  3)CARE BBB+; Stable (24-Sep-24)	1)CARE BBB+; Stable (29-Mar-24)	1)CARE BBB; Positive (31-Mar-23)  2)CARE BBB; Stable (27-Jun-22)
13	Debentures-Non Convertible Debentures	LT	113.08	CARE D	1)CARE C (01-Aug-25)  2)CARE BBB-; Stable (10-Jun-25)	1)CARE BBB; Stable (24-Feb-25)  2)CARE BBB+; Negative (11-Nov-24)  3)CARE BBB+; Stable	1)CARE BBB+; Stable (29-Mar-24)	1)CARE BBB; Positive (31-Mar-23)  2)CARE BBB; Stable (27-Jun-22)

						(24-Sep-24)		
14	Debentures-Non Convertible Debentures	LT	30.56	CARE D	1)CARE C (01-Aug-25) 2)CARE BBB-; Stable (10-Jun-25)	1)CARE BBB; Stable (24-Feb-25) 2)CARE BBB+; Negative (11-Nov-24) 3)CARE BBB+; Stable (24-Sep-24)	1)CARE BBB+; Stable (29-Mar-24)	1)CARE BBB; Positive (31-Mar-23) 2)CARE BBB; Stable (27-Jun-22)
15	Debentures-Non Convertible Debentures	LT	194.60	CARE D	1)CARE C (01-Aug-25) 2)CARE BBB-; Stable (10-Jun-25)	1)CARE BBB; Stable (24-Feb-25) 2)CARE BBB+; Negative (11-Nov-24) 3)CARE BBB+; Stable (24-Sep-24)	1)CARE BBB+; Stable (29-Mar-24)	-
16	Debt-Subordinate Debt	LT	75.00	CARE D	1)CARE C (01-Aug-25) 2)CARE BBB-; Stable (10-Jun-25)	1)CARE BBB; Stable (24-Feb-25) 2)CARE BBB+; Negative (11-Nov-24) 3)CARE BBB+; Stable (24-Sep-24)	-	-

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	Debt-Subordinate Debt	Simple
3	Fund-based - LT-Term Loan	Simple

**Annexure-5: Lender details**To view the lender wise details of bank facilities please [click here](#)

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

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