

Kinara Capital Private Limited (Revised)

August 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-Term Bank Facilities	256.51 (Reduced from 600.00)	CARE C	Downgraded from CARE BBB-; Stable
Subordinate debt-VI	75.00	CARE C	Downgraded from CARE BBB-; Stable
Non-convertible debenture-XI	113.08 (Reduced from 143.92)	CARE C	Downgraded from CARE BBB-; Stable
Non-convertible debenture-XII	30.56 (Reduced from 50.00)	CARE C	Downgraded from CARE BBB-; Stable
Non-convertible debenture-XIII	194.60 (Reduced from 200.00)	CARE C	Downgraded from CARE BBB-; Stable
Subordinate debt-II	-	-	Withdrawn
Subordinate debt-IV	-	-	Withdrawn
Subordinate debt-V	-	-	Withdrawn
Non-convertible debenture-X	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Downgrade in the rating of the bank facilities and debt instruments of Kinara Capital Private Ltd (KCPL) considers recent actions taken by certain lenders. These actions include recall of loans, appropriation of fixed deposits, both encumbered and unencumbered, etc. Care Ratings Ltd (CareEdge Ratings) is given to understand by the company that funds in the company's collection account have also been appropriated by the collection bank against their debt. These developments significantly deplete the liquidity position of the company and its ability to function normally. These actions of lenders are likely to lead to similar action by other lenders accelerating debt. The company had unencumbered cash of ₹70 crore as on July 29, 2025. CareEdge Ratings expect liquidity position of the company to significantly deteriorate in coming days.

It is to be noted that while the company had covenant breaches on the borrowings, as informed by the company, there was no default in repayment of any debt as on July 31, 2025. The company has also stated hedges against external commercial borrowings (ECB) have been terminated by counterparties and the company will have receivable from the banks against these terminations.

KCPL reportedly is in discussion with potential buyer to monetise its loan assets and use proceeds to repay its debt. The company will seek requisites approvals once definite term sheets are in place. CareEdge Ratings also takes note of the resignation of multiple directors from the Board. Currently the Board of Directors have no independent directors.

CareEdge Ratings has withdrawn the rating assigned to some of the non-convertible debenture issues and subordinated debt of KCPL with immediate effect, as the company has repaid these instruments in full and there is no amount outstanding.

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

- Monetization of assets leading to improvement in liquidity

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

- Deterioration in the liquidity impacting the ability to meet debt obligations

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

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. Additionally, acceleration of debt by other lenders is expected to further intensify liquidity pressures.

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. Considering the segment in which the company operates, the company's ability to control slippages and improve asset quality remains a key monitorable.

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. 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. The company is also carrying management overlay of ₹24 crore in the provisioning. With reduction in income and high credit cost, the company has reported losses in FY25. The company's ability to improve profitability going forward, while improving asset quality remains a key monitorable.

Liquidity: Poor

Though the company held unencumbered cash and balance of ₹70 crore as on July 29, 2025, the early redemption triggers by the lenders would deplete the liquidity further leading to a poor liquidity position of the company. For August 2025, KCPL has debt repayment obligations of ₹131 crore against which the company has expected inflow from advances of ₹146 crore, in addition to opening unencumbered liquidity of ₹70 crore. However, the 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](#)

[Withdrawal Policy](#)

[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 Effectenbewaardbedrijf 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

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 C
Debentures-Non-convertible debentures-X	INE200W07209	31-Dec-2021	14.00%	31-Dec-2024	0.00	Withdrawn
	INE200W07217	04-Feb-2022	11.75%	15-Feb-2025	0.00	Withdrawn
	INE200W07241	15-Mar-2022	14.00%	25-Jan-2025	0.00	Withdrawn
Debentures-Non-convertible debentures-XI	INE200W07233	14-Mar-2022	13.30%	08-Dec-2025	53.08	CARE C
	INE200W07225	11-Mar-2022	11.86%	11-Mar-2025	0.00	Withdrawn
	INE200W07415	25-Mar-2022	13.74%	25-Mar-2026	60.00	CARE C
	INE200W07274	20-May-2022	11.86%	20-May-2025	0.00	Withdrawn
Debentures-Non-convertible debentures-XII	INE200W07266	25-Apr-2022	13.00%	08-Dec-2025	30.56	CARE C
	INE200W07399	12-Apr-2024	10.25%	12-May-2027	0.00	Withdrawn
Debentures-Non-convertible debentures-XIII	INE200W07407	22-May-2024	13.20%	25-May-2027	60.20	CARE C
	INE200W07423	06-Aug-2024	13.10%	07-Aug-2027	30.00	CARE C
	INE200W07431	27-Aug-2024	10.28%	27-Aug-2027	33.25	CARE C
	INE200W07449	17-Sep-2024	12.00%	17-Sep-2029	47.04	CARE C
	INE200W07456	03-Feb-2025	13.00%	13-Sep-2027	20.00	CARE C
	Proposed	-	-	-	4.11	CARE C

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (₹ crore)	Rating Assigned and Rating Outlook
Debt-Subordinate debt-II	INE200W08033	28-Dec-2018	15.60%	28-Dec-2024	0.00	Withdrawn
Debt-Subordinate debt-IV	INE200W08058	30-Jan-2019	14.10%	31-Jan-2025	0.00	Withdrawn
Debt-Subordinate debt-V	INE200W08074	20-Mar-2019	14.10%	20-Mar-2025	0.00	Withdrawn
Debt-Subordinate debt-VI	INE200W08124	15-Oct-2024	13.40%	15-Jan-2030	20.00	CARE C
Debt-Subordinate debt-VI	Proposed	-	-	-	55.00	CARE C

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 C	1)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)CARE BBB-; Stable (10-Jun-25)	1)CARE BBB; Stable (24-Feb-25) 2)CARE BBB+; Negative (11-Nov-24)	1)CARE BBB+; Stable (29-Mar-24)	1)CARE BBB; Positive (31-Mar-23) 2)CARE BBB; Stable (27-Jun-22)

						3)CARE BBB+; Stable (24-Sep-24)		
5	Debt-Subordinate Debt	LT	-	-	-	-	-	1)Withdrawn (31-Mar-23) 2)CARE BBB; Stable (27-Jun-22)
6	Debt-Subordinate Debt	LT	-	-	1)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)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)
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)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 C	1)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)
14	Debentures-Non Convertible Debentures	LT	30.56	CARE C	1)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 C	1)CARE BBB-; Stable (10-Jun- 25)	1)CARE BBB; Stable (24-Feb-25)	1)CARE BBB+; Stable (29-Mar-24)	-

						2)CARE BBB+; Negative (11-Nov-24) 3)CARE BBB+; Stable (24-Sep-24)		
16	Debt-Subordinate Debt	LT	75.00	CARE C	1)CARE BBB-; Stable (10-Jun- 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 for clarifications.

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