



## Press Release

### Kamal Finserve Private Limited

October 08, 2024

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Proposed Long Term Facilities	40.00	IVR BB-/Stable (IVR Double B minus with Stable outlook)	-	Assigned	<a href="#">Simple</a>
<b>Total</b>	<b>40.00 (INR Forty crores only)</b>				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics Ratings has assigned its rating to the Proposed Bank facilities of Kamal Finserve Private Limited (KFPL) based on comfortable capitalisation along with extensive experience of promoters. However, rating is constrained by small scale of operations, unseasoned portfolio and intense competition among NBFCs.

Infomerics Ratings expects outlook to remain stable on account of expected growth in asset under management (AUM) leading to improvement in overall financial profile of the company.

#### Key Rating Sensitivities:

##### Upward Factors

- Substantial and sustained improvement in scale of operations along with geographical diversification while maintaining healthy asset quality, profitability and capitalization.

##### Downward Factors

- Substantial decline in scale of operations and/or any deterioration in asset quality, profitability and capitalization levels below regulatory requirements.



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Comfortable capitalization**

KFPL has comfortable capitalization with tangible net worth of Rs.9.97 crore in FY24 (Period refers to 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024) (vis-à-vis Rs.6.49 crore in FY23). Net worth has improved on back of equity infusion and retention of profits. The overall CRAR stood comfortable at 27.38% as of March 31,2024 (40.61% in FY23).

- **Experienced promoters**

Mr. Kamlesh Kumar, managing director of KMPL has close to two decades of experience in and the lending industry. The directors are supported by qualified and experienced management team.

#### Key Rating Weaknesses

- **Small Scale of Operations**

KFPL's scale of operations remains small despite YoY improvement given the regional concentration of operations. AUM of KFPL has improved by ~104% in FY24 and stood at Rs.35.03 crore (vis-à-vis Rs.17.15 crore as on March 31,2023). Growth in AUM is backed by improved disbursements in vehicle loan segment in FY24. In Q1FY25, company's AUM has further improved to Rs.37.24 crore. Going forward, the ability of the company to improve its scale of operations with diversifying geographically will be a key rating monitorable.

- **Unseasoned portfolio**

Since major growth in disbursements/AUM happened post-acquisition of the company and change in the management only in FY22 and considering average tenure for loan portfolio which ranges from 3 to 4 years, portfolio lacks seasoning.



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Hence, the Asset quality marked by GNPA and NNPA stands at 0.02% and 0.01% as of March 31, 2024. Infomerics Ratings expects that the asset quality is likely to moderate in medium term with seasoning of portfolio.

- **Competition in NBFC Segment**

KFPL is exposed to stiff competition from other NBFCs and banks. The lending industry focused on small ticket loans is highly fragmented with unorganized lenders also vying for the same set of borrowers.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Financial Institutions/NBFCs](#)

[Criteria for assigning Rating outlook.](#)

[Complexity Level of Rated Instrument/Facilities](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Financial Ratios & Interpretation \(Financial Sector\)](#)

**Liquidity – Adequate**

As on March 31, 2024 KFPL has adequately matched ALM profile with no negative cumulative mismatch across all buckets. Also, the company has cash and bank balance of Rs.5.13 crore as on March 31, 2024. Considering scale of operations company is well capitalized with CRAR of 27.38%.

**About the Company**

Kamal Finserve Private limited is a private limited company established Jaipur, Rajasthan. In 2019 Mr. Mukesh took over the NBFC named Guneet Finlease Pvt. Ltd. In 2021 and renamed as Kamal Finserve Pvt. Ltd.



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The company is engaged in financing of New and Used Commercial vehicles, Private Car, Two-Wheeler, and Loan against Property. Company is also engaged in providing gold loans and MSME finance to its customer.

### Financials (Standalone):

For the year ended* / As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	2.42	6.76
PAT	0.16	0.52
Tangible Net worth	6.49	9.97
Loan portfolio/AUM	17.15	35.03
<b>Ratios</b>		
NIM (%)	10.89	13.16
ROTA (%)	1.12	1.62
Interest Coverage (times)	1.18	1.21
Total CRAR (%)	40.61	27.38
Gross NPA [Stage III] (%)	0.10%	0.02%
Net NPA [Stage III] (%)	0.09%	0.01%

\* Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Not Applicable

### Any other information:

#### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					-	-	-
1.	Proposed Bank Facilities	Long Term	40.00	IVR BB-/Stable	-	-	-



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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Proposed Long Term Bank Facilities- Term loan	-	-	-	-	40.00	IVR BB-/Stable

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Kamal-Finserve-8oct24.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated/Combined analysis:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).