

CareEdge Global downgrades Kinara Capital Private Limited's rating to 'CareEdge D'

USD 12 million External Commercial Borrowing Bonds	CareEdge D (Downgraded from CareEdge C)
USD 18 million External Commercial Borrowing Bonds (Proposed)	CareEdge D (Downgraded from CareEdge C)

Rating Rationale

CareEdge Global has downgraded the rating of Kinara Capital Private Limited's (Kinara Capital) foreign currency loan facility ratings to **'CareEdge D' from 'CareEdge C'**. The rating downgrade follows default by Kinara Capital in payment of principal and interest on the rated facilities.

The sole holder of the dollar bond had notified Kinara Capital on August 1, 2025, under the Event of Default (EoD) for accelerated repayments due to several covenant breaches. The due date to settle the debt obligations was August 5, 2025, and failing to do so, the debenture trustee notified CareEdge Global on August 6, 2025, regarding the default on the securities rated by CareEdge Global.

On August 1, 2025, CareEdge Global downgraded the rating of Kinara Capital to **'CareEdge C'** reflecting the appropriation of fixed deposits (FD) towards the facilities extended by certain lenders and resignation of three of the members on the Board on July 30, 2025, and July 31, 2025. Along with that, certain lenders had also issued debt recall notices/accelerated payments demand to Kinara on July 30, 2025. These were because of the weak financial performance in FY25, leading to a breach of debt covenants, resulting in an EoD. In addition to this, Kinara Capital was also in discussion with a potential investor to acquire its loan book.

Analytical Approach

CareEdge Global has analysed the credit profile of the company on a standalone basis.

Rating Sensitivities

Upward Factors

- Track record of timely servicing of debt obligations (i.e., principal and interest)

Downward Factors

Not Applicable

Rating Outlook

Not Applicable

Strengths & Weaknesses

Not Applicable

Liquidity

Not Applicable

About the Company

Kinara Capital Private Limited (erstwhile Visage Holdings and Finance Private Limited) was incorporated in New Delhi in 1996 and registered as an NBFC. It obtained the registration certificate from the Reserve Bank of India (RBI) on March 23, 2000. Kinara was taken over by the current promoter, Ms Hardika Shah, in 2011, and subsequently, the registered office moved to Bengaluru in 2013. It obtained a fresh registration certificate from the RBI on August 27, 2013. The company provides collateral-free loans to micro-small-medium enterprises (MSMEs) with an average ticket size of Rs 7.5 lakhs in manufacturing, trading and services sectors for asset purchase, business development or working capital needs, at an average lending rate of 28% for a tenure of 12-60 months. Kinara had a total branch base of 80 across six states, namely Andhra Pradesh, Gujarat, Karnataka, Maharashtra, Tamil Nadu and Telangana. Kinara Capital's AUM stood at Rs 2,840 crore as of March 31, 2025, out of which around 30% is concentrated in Tamil Nadu.

As of March 31, 2025, on a fully dilutive basis, the promoter, Ms. Hardika Shah, holds an 8.51% stake, including compulsory convertible debentures (CCDs). Other major shareholders are Nuveen, Michael and Susan Dell Foundation, Patamar Capital, Gaja Capital and Gawa Capital.

Details of the instrument

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Issue Size	Rating
External Commercial Borrowing Bonds	INIFD1205035	December 11, 2024	460 basis points plus Term SOFR ¹	January 11, 2028	USD 12 million	CareEdge D
External Commercial Borrowing Bonds (proposed)	-	-	-	-	USD 18 million	CareEdge D

¹ Secured Overnight Financing Rate (SOFR) is a broad measure of the cost of borrowing cash overnight collateralized by treasury securities

Rating History

Instrument	Type	Rating	Date
External Commercial Borrowing Bonds	Long Term Foreign Currency (Solicited)	CareEdge D (Downgraded from CareEdge C)	August 08, 2025
External Commercial Borrowing Bonds	Long Term Foreign Currency (Solicited)	CareEdge C (Downgraded from CareEdge B-/Negative)	August 01, 2025
External Commercial Borrowing Bonds	Long Term Foreign Currency (Solicited)	CareEdge B-/Negative (Revision in Outlook)	June 18, 2025
External Commercial Borrowing Bonds	Long Term Foreign Currency (Solicited)	CareEdge B-/Stable (Assigned)	December 27, 2024

Criteria Applied

[CareEdge Global's Rating Methodology for Financial Institutions](#)

Analytical Contacts

Ankit Kedia

Ankit.kedia@careedgeglobal.com

Abhilash Dash

Abhilash.dash@careedgeglobal.com

Smit Doshi

Smit.doshi@careedgeglobal.com

Media Contact

Mradul Mishra

mradul.mishra@careedge.in

About Us

CareEdge Global IFSC Limited (CareEdge Global) is a full-service Credit Rating Agency (CRA) with a mission of **Empowering Global Capital Market Participants Through Unrivalled Insights and Expertise**. As the first CRA registered and authorized by the International Financial Services Centres Authority (India), CareEdge Global is uniquely positioned to provide comprehensive ratings on a global scale. A part of the CareEdge Group, which is a knowledge-based analytical organisation offering a wide range of services in Credit Ratings, Analytics, Consulting, and Sustainability. Established in 1993, our parent company, **CARE Ratings Limited (CareEdge Ratings)**, stands as India's second-largest rating agency.

Disclaimer

This disclaimer applies to each credit rating report and/ or credit rating rationale ('report') that is provided by CareEdge Global IFSC Limited ('CareEdge Global').

Ratings from CareEdge Global are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities/ instruments or to make any investment decisions. The report is not a solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CareEdge Global assumes no obligation to update its opinions following publication in any form or format although CareEdge Global may disseminate its opinions and analysis. The rating contained in the report is not a substitute for the skill, judgment and experience of the investor, user, its management, employees, advisors and/ or clients when making investment or other business decisions. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way. Therefore, the report is not intended to and does not constitute an investment advice. The report should not be the sole or primary basis for any investment decision. CareEdge Global is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CareEdge Global. CareEdge Global does not act as a fiduciary by providing the rating.

Any unsolicited ratings assigned by CareEdge Global are based on publicly available information as CareEdge Global may or may not have access to documents / information or participation from management of such issuers. While CareEdge Global has obtained information from sources it believes to be reliable, CareEdge Global does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and/ or relies on in its reports. CareEdge Global ratings are subject to a periodic review, which may lead to revision in ratings. CareEdge Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CareEdge Global has in place a ratings code of conduct and policies for managing conflict of interest.

Neither CareEdge Global nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents guarantee the accuracy, completeness or adequacy of the report, and shall not have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the report. CareEdge Global DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CareEdge Global or its associated entities or persons be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

This report does not constitute an offer of services. This report is solely for use in the jurisdiction of IFSCA, GIFT City in Gandhinagar. Without limiting the generality of the foregoing, nothing in the report is to be construed as CareEdge Global providing or intending to provide any services in jurisdictions where CareEdge Global does not have the necessary licenses and/ or registration to carry out its business activities referred to above. Access or use of this report does not create a client relationship between CareEdge Global and the user.

For latest rating information on any instrument of any company rated by CareEdge Global, you may visit our website www.careedgeglobal.com.

This report should not be reproduced or redistributed to any other person or in any form without prior written consent from CareEdge Global.

"© 2025, CareEdge Global IFSC Limited, a wholly owned subsidiary of CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents on an "as-is" basis is permitted with due acknowledgement to CareEdge Global IFSC Limited. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CareEdge Global IFSC Limited.

CareEdge Global IFSC Limited
(A subsidiary of CARE Ratings Ltd.)
Unit No. 06, 11 T-2, Block-11, GIFT SEZ, Gift City, Gandhi Nagar, Gujarat – 382355
CIN-U66190GJ2024PLC151103