CareEdge Global reaffirms Namdev Finvest Private Limited's 'CareEdge B/Stable' rating

USD 25 million External Commercial Borrowing	CareEdge B/Stable (Reaffirmed)

CareEdge Global has reaffirmed ratings on USD 25 million debt instruments of Namdev Finvest Pvt Ltd (NFPL) at **'CareEdge B/Stable'**.

Rationale

The rating continues to be driven by NFPL's comfortable capitalisation, adequate profitability, and management's experience in key geographies of operations. These credit strengths are partly mitigated by a concentrated portfolio in a specific geography, modest though growing scale of operations, a narrow resource profile, and low seasoning of its portfolio in an inherently susceptible asset class.

NFPL's Asset Under Management (AUM) increased to ~Rs 1,496 crore (~USD 167.7 million)[1] as of September 30, 2025, from Rs 1,417 crore (~USD 159 million) as of March 31, 2025 (Rs 1,181 crore (~USD 132.4 million) as of March 31, 2024). As a mix of debt and equity funded the portfolio scale-up, the company's gearing (debt/equity) stood at 2.8x as of September 30, 2025, against 3.1x as of March 31, 2025. The secured micro, small, and medium enterprises (MSMEs) segment accounted for 91% of AUM as of September 30, 2025. The share is unlikely to change materially over the medium term. However, the geographical concentration of AUM has improved, with Rajasthan's share reducing to 71% as of September 30, 2025, from 75% as of March 31, 2025.

NFPL's asset quality remains commensurate with the rating, notwithstanding the gradual deterioration over the last 18 months. It reported a gross non-performing assets (GNPA) of 2.3% as of September 30, 2025, as compared to 1.8% as of March 31, 2025 (1.1% as of March 31, 2024). Stress in its vulnerable borrower profile due to overleveraging led to slower collections and increased slippages in the last few quarters. However, NFPL faces a lower risk than its peers in the unsecured lending space, as its portfolio is secured by property mortgages.

[1] USD-INR exchange rate of 89.2 as on November 26, 2025

Outlook

The stable outlook reflects CareEdge Global's expectation that NFPL's business and financial profiles will continue to sustain over the medium term, supported by comfortable capitalisation and recovery in profitability. Furthermore, its growth will continue to be supported by timely equity infusions by promoters and other major investors.

Analytical Approach

CareEdge Global has analysed the business and financial risk profiles of NFPL on a standalone basis.

Rating Sensitivities

Upward factors

- Significant growth in AUM with asset quality remaining under control
- Significant improvement in product and geographical diversification

Downward factors

- Deterioration in profitability with respect to return on total assets (RoTA) declining below 1.5%
- Deterioration in gearing level exceeding 4.5x on a sustained basis
- Significant deterioration in asset quality

Key rating drivers

Strengths

Comfortable capitalisation

NFPL has a comfortable capitalisation profile with an overall capital adequacy ratio of 31% as of September 30, 2025, against the regulatory requirement of 15%. To support its growth plans, the company raised fresh equity in FY24 and FY25. It raised Rs 235 crore (~USD 26.3 million) through equity and compulsory convertible preference shares (CCPS) during FY24, and an additional Rs 25 crore (~USD 2.8 million) in FY25. This infusion, along with internal accruals, resulted in NFPL's tangible net worth increasing to Rs 455 crore (~USD 51 million) as of March 31, 2025, compared to Rs 145 crore (~USD 16.3 million) as of March 31, 2023. Consequently, gearing (debt/equity) levels improved to 3.1x as of March 31, 2025, against 4.7x as of March 31, 2023.

CareEdge Global expects that, with its planned growth trajectory, the company will maintain a buffer above regulatory capitalisation while maintaining gearing within the 3.5-4x range over the medium term.

Adequate profitability

NFPL's return on total assets (RoTA) improved to 2.3% in FY25 from 1.7% in FY24, driven by higher net interest margins (NIM) of 8.8% (FY24: 7.2%) owing to higher yields. As a result, NFPL's profit after tax (PAT) doubled to Rs 41 crore (~USD 4.6 million) in FY25 against Rs 21 crore (~USD 2.4 million) in FY24, supported by loan book growth. Profitability continues to increase with PAT of Rs 25 crore (~USD 2.8 million) and RoTA of 2.6% in the first half of this fiscal.

Experience of the promoter in the geography of operations

NFPL is promoted by Mr Jitendra Tanwar, who has long-standing experience as a non-bank lender specialising in secured lending to MSMEs. He is a first-generation entrepreneur who took over the company in 2013. Rajasthan is the promoter's home state and he has built strong local networks in the state through his deep-rooted regional expertise. This is reflected in the better asset quality of Rajasthan's portfolio compared to that of all other states where NFPL operates.

Downward factors

High concentration risk; modest though growing scale of operations

NFPL has a high with a portfolio size of Rs 1,496 crore (~USD 167.7 million) as of September 30, 2025. A single state (Rajasthan) accounts for 71% of the portfolio, while the MSME loan segment accounts for 91%. It currently operates across nine states with a focus on Rajasthan, Gujarat, Madhya Pradesh and Uttar Pradesh. NFPL expects to gradually reduce this concentration by expanding its operations into new geographies. However, Rajasthan's share in the overall portfolio is likely to remain ~55-60% over the next 3-4 years.

Beyond MSME, the company also lends in other segments, such as electric vehicle (EV) and two-wheeler (2-W) loans, indicating a forward-looking approach to explore emerging segments. However, despite higher disbursements in other segments, the share of MSME continues to remain 91% given the short behavioural tenor of non-MSME loans.

Narrow resource profile leading to higher cost of borrowing

NFPL continues to rely significantly on non-banking financial institutions (NBFIs) for its debt requirements, though this dependence has gradually reduced. As of September 30, 2025, NBFI borrowings accounted for 36% of the total debt, against 40% as of March 31, 2025. Borrowing from NBFIs has reduced over the last 18 months, down from 44% as of March 31, 2024. Typically, these loans carry higher interest rates as compared to other sources of financing, thereby, impacting the NIM. Its average borrowing cost stood at 12.5% in FY25, up from 11.7% in FY24. The company is making efforts to optimise its borrowing profile by exploring other financing options, including foreign-currency debt issuance, which is fully hedged in accordance with regulations.

Modest seasoning of the portfolio

NFPL has been rapidly expanding its operations, achieving an AUM of Rs 1,496 crore (~USD 167.7 million) as of September 30, 2025. The expansion reflects the company's focus on scaling its loan book and increasing its presence in the target segments. However, a large portion of the loans in the outstanding portfolio has originated in the past two years, implying moderate seasonality.

NFPL has moderate asset quality parameters, notwithstanding marginal deterioration in the last 18 months. NFPL reported a GNPA of 2.3% as of September 30, 2025, as compared to 1.8% as of March 31, 2025, and 1.1% as of March 31, 2024. This is largely due to macroeconomic factors and the vulnerable borrower segment, resulting in slow collections and increasing slippages. Given the moderate seasonality, CareEdge Global has evaluated GNPA on a lagged basis to capture the portfolio's true asset quality. NPFL's 2-year lagged GNPA% stood at 4.2% as of March 31, 2025, compared to 3.7% as of March 31, 2024.

Liquidity

NFPL's liquidity is adequate, with no negative cumulative mismatches reported in the asset-liability mismatch statement. The company has a liquidity of around Rs 331 crore (~USD 37.1 million) in the form of cash and bank balance, fixed deposits without lien mark, and liquid investment as of September 30, 2025. This is adequate to meet the upcoming near-term debt maturities of around 6 months. The liquidity coverage for the next three and six months is 211% and 107%, respectively.

Environmental, Social and Governance (ESG) considerations

CareEdge Global observes that NFPL primarily engages in lending to businesses operating in semi-urban areas and actively promotes sustainable practices among its borrowers. This includes encouraging the efficient use of natural resources such as water and raw materials, alongside fostering initiatives for recycling and reuse, aligning with broader environmental sustainability goals.

From a social perspective, the company addresses critical social risks by focusing on low-ticket MSME lending. This approach enhances access to credit for underserved segments, including women entrepreneurs and businesses in rural areas, thereby contributing to financial inclusion and socioeconomic development.

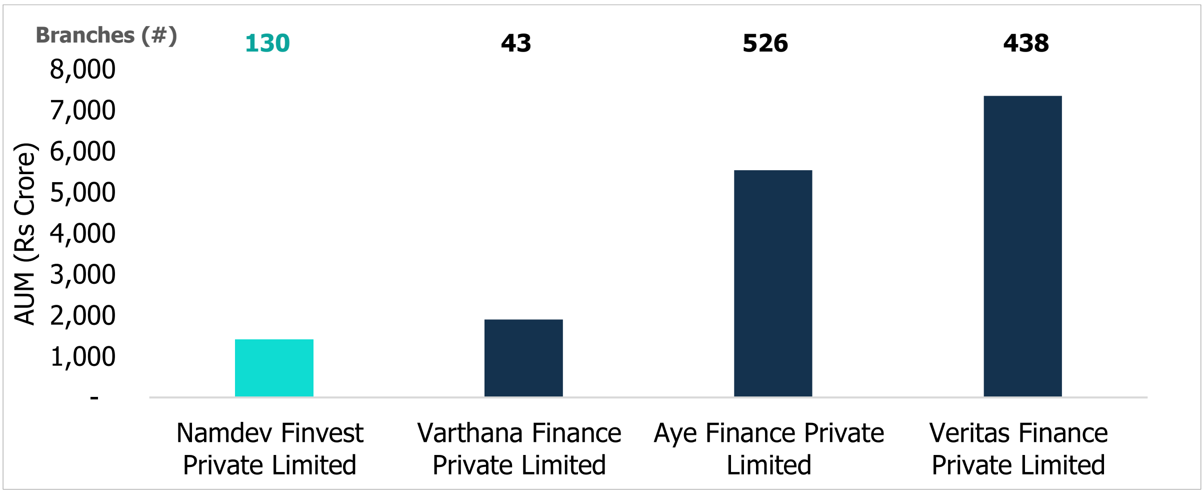
On the governance front, while the company demonstrates reasonable commitment to governance practices, further improvements in board structure and practices could enhance resilience and stakeholder confidence. NFPL has a strong governance framework, with two of the four Board of Directors members independent.

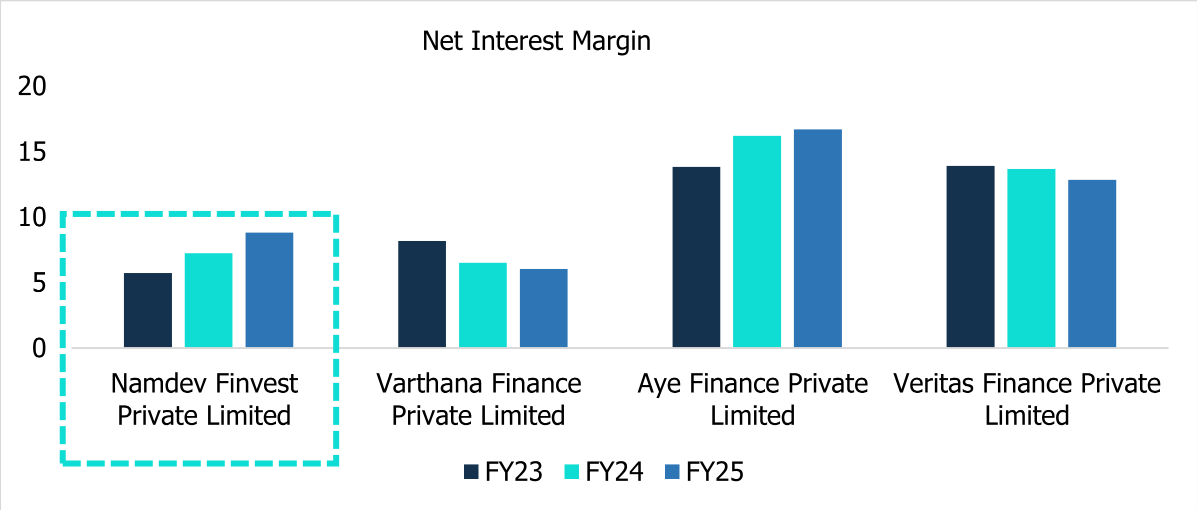
About the company

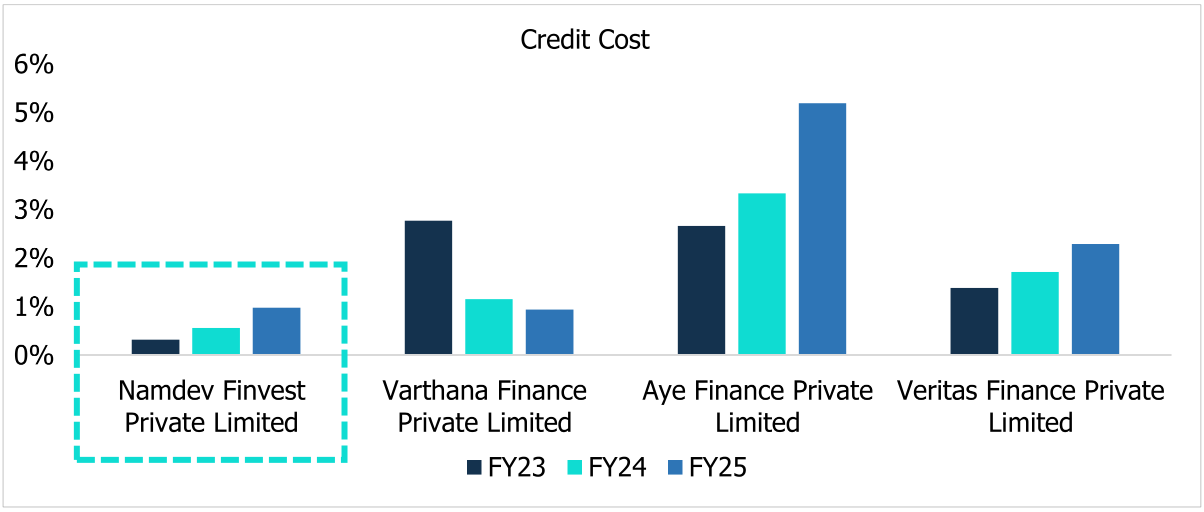
NFPL, incorporated on April 11, 1997, was taken over by Mr Jitendra Tanwar in 2013, and since then, it has forayed into vehicle financing and, in 2015, started loans against properties (LAP). It is a non-bank lender licenced by the Reserve Bank of India (RBI), the regulator of the financial sector in India, as a non-deposit-taking Systematically Important NBFC (NBFC-ND-SI) under the Investment and Credit Company category. It got classified as a middle-layer NBFC by the RBI in October 2022. The company now primarily focuses on lending to MSMEs, while also catering segments such as two-wheelers, commercial vehicles, solar loans, and electric vehicles.

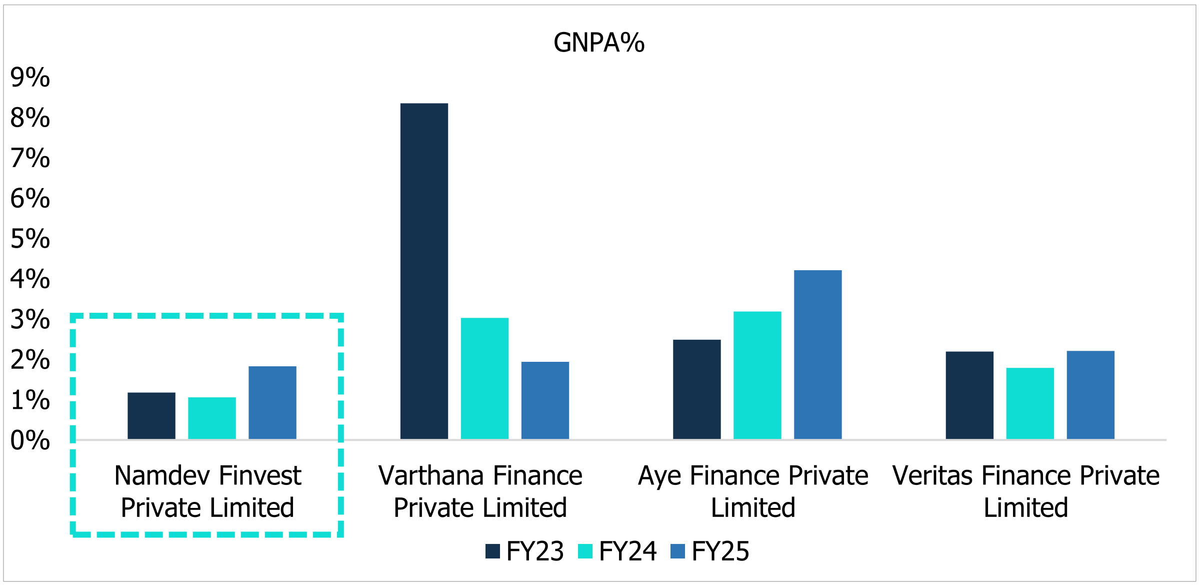
NFPL's MSME loans are secured against property, with an average ticket size of Rs 5–7 lakh, a tenure of around 7 years, and an interest rate of 18–24%. EV financing is offered with vehicle hypothecation, an average ticket size of Rs 1–2 lakh, a two-year tenure, and similar interest rates of 18–24%. The two-wheeler (TW) segment involves loans secured by vehicle hypothecation, with ticket sizes ranging from Rs 25,000 to Rs 85,000, a two-year tenure, and an interest rate of 19–25%. The overall portfolio stands at Rs 1,496 crore (~USD 167.7 million) as of September 30, 2025, with MSMEs contributing 91% of the mix.

Comparison with other NBFIs




Net Interest Margin
20
15
10
5
0
Namdev Finvest Private Limited
Varthana Finance Private Limited
Aye Finance Private Limited
Veritas Finance Private Limited
FY23
FY24
FY25


Credit Cost
6%
5%
4%
3%
2%
1%
0%
Namdev Finvest Private Limited
Varthana Finance Private Limited
Aye Finance Private Limited
Veritas Finance Private Limited
FY23
FY24
FY25


GNPA%
9%
8%
7%
6%
5%
4%
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Namdev Finvest Private Limited
Varthana Finance Private Limited
Aye Finance Private Limited
Veritas Finance Private Limited
FY23
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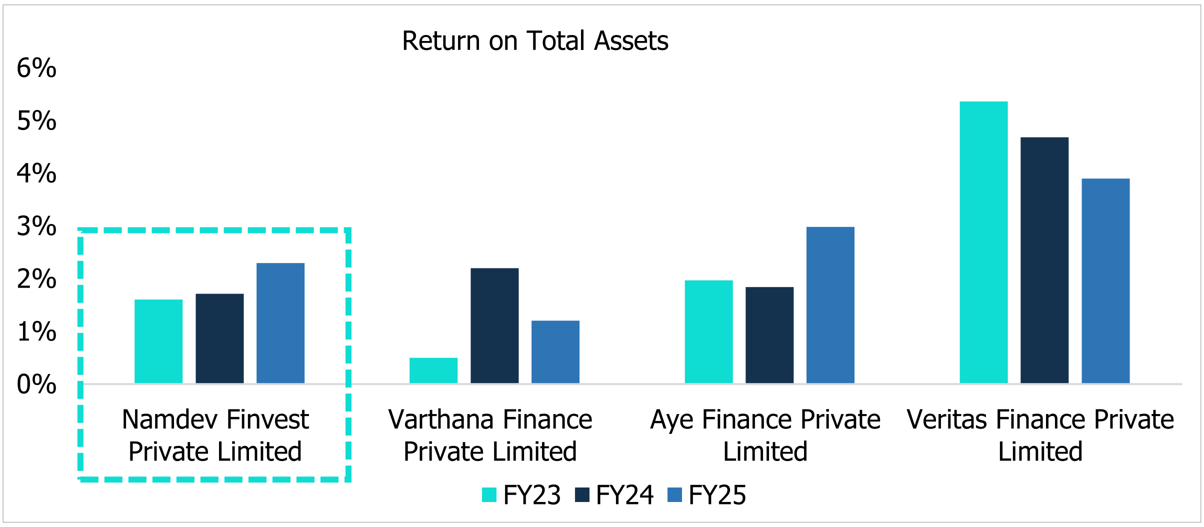

Recent updates and financial summary

The company posted a net profit of Rs 25 crore (~USD 2.8 million) for the first half of this fiscal, up from Rs 19 crore (~USD 2.1 million) for the same period of the previous fiscal, a 36% growth.

As of September 30, 2025, its AUM reached Rs 1,496 crore (~USD 167.7 million), marginally up from Rs 1,329 crore (~USD 149 million) from a year earlier. It posted GNPA and NNPA of 2.3% and 1.0% respectively, as of September 30, 2025 (FY25: 1.8% and 0.7% respectively). NPFL maintained a healthy CAR of 30.9% as of September 30, 2025, against the regulatory requirement of 15%.

Key Summary Financial Metrics

Particulars	Unit	March 31, 2023	March 31, 2024	March 31, 2025
AUM	Rs crore	622	1,181	1,417
Net Interest Margin	%	5.7	7.2	8.8
Cost to Income	%	65.8	65.0	55.8
GNPA	%	1.2	1.1	1.8
Return on Assets	%	1.6	1.7	2.3
CAR	%	22.3	33.5	30.2

Solicitation Status

The rating is solicited. The management has provided information and meetings to the CareEdge Global analytical team for the rating.

Details of Instruments

Instrument	ISIN	Date of Issuance	Maturity Date	Issue Size	Rating
External Commercial Borrowings	INIFD1905014	December 6, 2024	December 6, 2027	USD 3 million	CareEdge B/Stable
External Commercial Borrowings	INIFD1905022	February 3, 2025	February 3, 2028	USD 10 million	CareEdge B/Stable
External Commercial Borrowings (Proposed)	-	-	-	USD 12 million	CareEdge B/Stable

Rating History

Instrument	Type	Rating	Date
External Commercial Borrowings	Long-Term Foreign Currency (Solicited)	CareEdge B/ Stable (Reaffirmed)	November 27, 2025
External Commercial Borrowings	Long-Term Foreign Currency (Solicited)	CareEdge B/ Stable (Assigned)	November 27, 2024

Criteria Applied

CareEdge Global's Rating Methodology for Financial Institutions

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