

July 13, 2015

Facilities	Amount (Rs. Crore)	Rating
Fixed Deposit	2.50	SMERA FB-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA FB-**' (**read as SMERA B minus**) to the Rs.2.50 crore fixed deposits of KIM Investment Limited (KIL). The rating is constrained by the company's small-scale operations, limited geographical diversification and high dependence on select sources for borrowings. However, the rating is supported by the long-standing experience and strong domain knowledge of the promoters. The rating is also supported by the company's high capital adequacy and low non-performing asset (NPA) levels.

KIL, incorporated in 1993, is an Amritsar-based deposit taking non-banking financial company (NBFC-D) engaged in the business of financing of agricultural implements, heavy and light commercial vehicles. The company has a loan portfolio of Rs.3.85 crore as on March 31, 2014. With maximum advances concentrated in Punjab, the company's loan portfolio has limited geographical diversification. Also, KIL has operations only in a few cities in Punjab.

KIL's total borrowings of Rs.1.56 crore as on March 31, 2014 constitute Rs. 0.88 crore fixed deposits. Going forward the company's ability to raise additional funds at a low cost from diversified sources will be critical for the growth of the company.

KIL benefits from its experienced management. The promoters of the company Mr. Kanwaljit Singh have over two decades of experience in the finance industry. Besides, KIL has comfortable capital adequacy level of 54.05 per cent and low gearing of 1.09 times as on March 31, 2014. The company has maintained strong asset quality with nil NPAs over the years.

Outlook: Stable

SMERA believes the outlook on KIL's rated facilities will remain stable over the medium term. The company will continue to benefit from its experienced management and strong asset quality. The outlook may be revised to 'Positive' in case the company achieves sustained growth in asset book while maintaining strong asset quality and healthy returns. The outlook may be revised to 'Negative' in case expansion of operations results in deterioration of asset quality, profitability or capital levels of the company.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smerra.in) for the latest information on any instrument rated by SMERA.

Rating sensitivity factors

- Size of operations
- Asset quality
- Capital adequacy levels

About the Company

KIL, incorporated in 1993, is an Amritsar-based deposit taking non-banking financial company (NBFC-D) engaged in the business of financing of agricultural implements, heavy and light commercial vehicles. The company is promoted and managed by Mr. Kanwaljit Singh and has presence in Punjab.

KIL reported profit after tax (PAT) of Rs.0.08 crore on interest income of Rs.0.89 crore and loan portfolio of Rs.3.85 crore for FY2013-14 as compared with PAT of Rs.0.06 crore on interest income of Rs.0.84 crore and loan portfolio of Rs.3.08 crore in the previous year. The company's capital adequacy stood at 54.05 per cent and net worth stood at Rs.2.25 crore as on March 31, 2014.

Contact List:

Media/Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development Tel: +91-22-6714 1191 Email: antony.jose@smera.in Web: www.smera.in	Parimal Thakker Associate Vice President – Corporate Ratings Tel: +91-11-41806663 Email: parimal.thakker@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.