



**Press Release**  
**K M Global Credit Private Limited**  
**July 21, 2023**  
**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	40.00	ACUITE BBB-   Stable   Assigned	-
Bank Loan Ratings	35.00	ACUITE BBB-   Stable   Reaffirmed	-
Non Convertible Debentures (NCD)	15.00	ACUITE BBB-   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	90.00	-	-

**Rating Rationale**

Acuite has assigned the long-term rating of '**ACUITE BBB-**' (read as **ACUITE t riple B minus**) on the Rs. 40 Cr. bank facilities of K M GLOBAL CREDIT PRIVATE LIMITED (KMGCPL). The outlook is '**Stable**'.

Acuite has reaffirmed the long-term rating of '**ACUITE BBB-**' (read as **ACUITE t riple B minus**) on the Rs. 35 Cr. bank facilities of K M GLOBAL CREDIT PRIVATE LIMITED (KMGCPL). The outlook is '**Stable**'.

Acuite has reaffirmed the long-term rating of '**ACUITE BBB-**' (read as **ACUITE t riple B minus**) on the Rs. 15 Cr. non-convertible debentures (including the proposed facility) of K M GLOBAL CREDIT PRIVATE LIMITED (KMGCPL). The outlook is '**Stable**'.

**Rationale for the rating**

The rating continues to factor the experienced management, healthy capitalisation levels, & significant growth in AUM during FY23. The company saw an improvement in its capitalisation levels aided by equity infusion of ~Rs 15.87 Cr. led by 'LC Nueva Alternative Investment Fund' and conversion of debt to equity capital of ~Rs. 6.50 Cr. The total infusion and conversion amounting to ~Rs. 22 crore of capital. The CAR levels stood at 35.82 percent as on March 31, 2023. The company's AUM grew to Rs. 156.75 Cr as on March 31, 2023 as compared to Rs. 80.18 Cr as on March 31, 2022. The financial risk profile of the company derives strength from its demonstrated ability to raise capital in the form of equity and debt. The company has FLDG arrangements with some of its merchant partners in the Education and Healthcare segment which helps them partly safeguard against delinquencies. KMGCPL has demonstrated sound asset quality, as reflected in the low Gross Non-Performing Assets (GNPA) of 1.37 percent as on March 31, 2023. These strengths are partially offset by relatively small scale of operations and limited vintage of the business operations.

Acuite takes note of increased focus on building granular retail portfolio, through partnership route backed by FLDG arrangements. Going forward, dilution in promoter support, movement in asset quality along with scale up in business operations are key rating sensitivities.

**About the company**

K M Global Credit Private Limited (KMGCPL) is a B2B2C NBFC lending focused fintech based out of Mumbai which offers lending solutions and unsecured loan options at the point of-sale

to businesses and consumers. KM Global Credit Private Limited was founded by Aditya Damani (CEO) in 2018. KMGCPPL majorly disburses loan in the health and education segment.

### **Analytical Approach**

Acuité has considered the standalone business and financial risk profile of K M Global Credit Private Limited while arriving at the rating

### **Key Rating Drivers**

#### **Strength**

##### **Significant AUM growth while maintaining sound asset quality**

The company's loan portfolio outstanding as on March 31, 2023 grew significantly to Rs. 156.75 Cr as compared to Rs. 80.18 Cr as on March 31, 2022 and Rs. 19.02 Cr as on March 31, 2021. Education and Home Decor segment loans constitute ~83 percent of the total POS followed by Healthcare (~9 percent) and other loans (8 percent) as on March 31, 2023. The loans have a tenure of 3 to 60 months. The company has now entered into a new partnership model focussed towards solar products. The company has FLDG arrangements with some of the merchant partners which provide risk cover on portfolio level.

KMGCPPL has demonstrated sound asset quality, as reflected in the low Gross Non-Performing Assets (GNPA) of 1.37 percent as on March 31, 2023 improving from 4.05 percent as on March 31, 2021. The company has structured inherent checks for effective risk management that include lending policy, underwriting process and dedicated due diligence team, which helps to maintain asset quality. The company's overall collection efficiency (including pre-payments) averages above 100 percent for last 6 month ended March 2023, resulting to an on-time portfolio of 94.09 percent as on March 31, 2023.

Acuite believes that the ability of the company to grow its loan portfolio while maintaining asset quality will be key monitorable.

#### **Healthy Capitalisation Levels**

KMGCPPL's capital position strengthened on account of capital infusion of ~Rs 15.87 Cr. led by 'LC Nueva Alternative Investment Fund' (An early-stage venture capital fund which focuses on investments in consumer-tech, EdTech, fintech, health tech industry) and conversion of debt to equity capital of ~Rs. 6.50 Cr. of Mahesh Damani (Father of Aditya Damani, CEO & Director of K M Global Credit Private Limited). The total infusion and conversion amounting to ~Rs. 22 crore of fresh capital, thus improving the Networth base of the company to ~ Rs 34.65 crore as on March 31, 2023 (Provisional) which previously stood at Rs 11.80 crore as on March 31, 2022. The capital infusion resulted in improved leverage of 1.95 times as on March 31, 2023 (provisional) from 4.66 times as on March 31, 2022. and Capital Adequacy Ratio (CAR) stood at 35.82 percent as on March 31, 2023. As per the management discussion, the company is expected to raise further capital to aid their growth momentum.

Acuite believes that KMGCPPL's growth momentum would be supported by the timely capital infusions from investors.

#### **Weakness**

##### **Modest scale of operations with limited track record**

K M Global Credit Private Limited (KMGCPPL) commenced its lending operations in FY2019. KMGCPPL extends offers lending solutions and unsecured loan options at the point-of-sale to businesses and consumers. The company has a digital presence through its merchant partners spread across 16 states. KMGCPPL operates through a single branch network based out of Mumbai. The top 4 states ( Maharashtra, Delhi, Karnataka, and Telangana) account for ~58 percent of the total POS as on March 31, 2023. The company offers loans with ticket size ranging between Rs 10k to 20 lakhs. The loans have a tenure of 3 to 60 months. Average

ticket size is ~Rs 80k and the average tenure is 15 months. The company made major disbursements during FY2023 thus resulting in a limited seasoning of the current outstanding portfolio. Going forward KMGCPPL would be focusing on granularity of portfolio by diversifying into other retail asset classes. Given the limited track record of operations their continued growth while maintaining asset quality in near to medium term will be a key monitorable.

Acuité believes, the ability of the company to mobilize additional funding, will be crucial to the credit profile of the company

### **Improving profitability, albeit modest**

In FY2023, KMGCPPL's portfolio has grown owing healthy disbursement levels. The company's disbursements increased to Rs. 247.57 Cr as on March 31, 2023 from Rs. 127.25 Cr as on March 31, 2022 and Rs. 24.57 Cr as on March 31, 2021. The company's overall financial risk profile remains modest as marked by PAT of Rs. 2.71 Cr in FY2023 (Prov) improving from Rs. 0.38 Cr in FY2022. The operating expense to earning assets is expected to remain high, presently around 9.7 percent as of March 31, 2023 (Prov), as the company is penetrating into newer geographies and increasing their overall staff count.

Acuite believes that going forward ability of the company to grow its loan portfolio while improving its profitability will be key monitorable.

### **Rating Sensitivity**

- Continued funding support from promoters as well as capital raising ability
- Movement in Asset Quality
- Change in capital structure
- Movement in earnings profile
- Changes in regulatory environment

### **Material Covenants**

KM Global Credit Private Limited is subject to covenants stipulated by its lenders/investors in respect of various parameters like capital structure, asset quality among others.

### **Liquidity Position Adequate**

KMGCPPL has well matched profile as on March 31, 2023 with no negative cumulative mismatches. The company has cash and bank balance of Rs 11.61 crore as on March 31, 2023. Acuité takes note that the company's ability to raise fresh funds in a timely manner will be important from a liquidity perspective.

### **Outlook - Stable**

Acuité believes that KMGCPPL will benefit from its experienced management team and comfortable asset quality. The outlook may be revised to 'Positive' if there is significantly higher than expected growth in AUM while maintaining asset quality and improving profitability metrics. Conversely, the outlook may be revised to 'Negative' in case of challenges in attaining optimal gearing levels and significant deterioration in asset quality or profitability parameters.

### **Other Factors affecting Rating**

None

### **Key Financials - Standalone / Originator**

Particulars	Unit	FY23 (Provisional)	FY22 (Actual)
Total Assets	Rs. Cr.	115.53	75.95
Total Income*	Rs. Cr.	13.74	5.45

PAT	Rs. Cr.	2.71	0.38
Net Worth	Rs. Cr.	36.67	11.62
Return on Average Assets (RoAA)	(%)	2.83	0.79
Return on Average Net Worth (RoNW)	(%)	11.23	5.03
Debt/Equity	Times	1.84	4.66
Gross NPA	(%)	1.37	0.51
Net NPA	(%)	1.23	0.35

*\*Total income equals to Net Interest Income plus other income.*

**Status of non-cooperation with previous CRA (if applicable):**

Not Applicable

**Any other information**

None

**Applicable Criteria**

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Banks And Financial Institutions: <https://www.acuite.in/view-rating-criteria-45.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>

**Note on complexity levels of the rated instrument**

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Sep 2022	Term Loan	Long Term	8.80	ACUITE BBB-   Stable (Assigned)
	Proposed Term Loan	Long Term	26.20	ACUITE BBB-   Stable (Assigned)
	Proposed Non Convertible Debentures	Long Term	15.00	ACUITE BBB-   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	INE0JR707045	Non-Convertible Debentures (NCD)	24 Feb 2023	11.00	25 Feb 2024	Simple	1.50	ACUITE BBB-   Stable   Reaffirmed
Not Applicable	INE0JR707037	Non-Convertible Debentures (NCD)	24 Feb 2023	11.00	25 Feb 2024	Simple	3.50	ACUITE BBB-   Stable   Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	40.00	ACUITE BBB-   Stable   Assigned
Not Applicable	Not Applicable	Proposed Non Convertible Debentures	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE BBB-   Stable   Reaffirmed
Not Applicable	Not Applicable	Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	Simple	26.20	ACUITE BBB-   Stable   Reaffirmed
IDFC First Bank Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	8.80	ACUITE BBB-   Stable   Reaffirmed

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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