



# LKP Finance Ltd.

---

Regd. Off.: 112 - A / 203, Embassy Centre, Nariman Point, Mumbai - 400 021.  
Tel.: 4002 4785 / 86 • Fax : 2287 4787 • Website : [www.lkpfinance.com](http://www.lkpfinance.com)  
CIN : L65990MH1984PLC032831

30<sup>th</sup> January, 2025

To,  
Dept. of Corporate Services (CRD)  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001

Scrip Code: 507912

Dear Sir / Madam,

Sub: Withdrawal of Credit Rating from Infomermics Valuation and Ratings Private Limited.

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to the captioned subject, the withdrawal of credit rating for Bank loan facilities received from Infomermics Valuation and Ratings Private Limited is enclosed herewith.

The above is for your information and record, please.

Thanking you,

Yours faithfully,  
For LKP Finance Limited

Girish Kumar B. Innani  
General Manager (Legal) & Company Secretary  
Membership No. FCS 2184  
Encl: a/a



**INFOMERICS VALUATION AND RATING PVT. LTD.**  
*Integrated Financial Omnibus Metrics Research of International Corporate Systems*

January 29, 2025

**Mr. M V Doshi**  
**Executive Chairman**  
**LKP Finance Limited**  
**203, Embassy Centre, Nariman point**  
**Mumbai 400021, Maharashtra, India.**

Dear Sir,

**Withdrawal of rating for bank loan facilities of LKP Finance Limited**

With reference to your email dated January 07, 2025, requesting withdrawal of the rating assigned to the bank loan facilities of LKP Finance Limited. We hereby withdraw the outstanding rating(s) of IVR BB+/Negative assigned to the bank loan facilities of LKP Finance Limited with immediate effect. Surrender letter and no objection certificate from the lenders has been received. The withdrawal of the ratings is in line with Infomerics withdrawal policy.

1. Our Rating Committee has reviewed the following ratings:

<b>Facilities</b>	<b>Amount (Rs. Crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>
Fund based - long term bank facilities - Cash Credit	25.00	IVR BB+/Negative (IVR Double B plus with negative outlook)	IVR BBB-/RWDI (IVR Triple B Minus; Rating under watch with developing implications)	Rating removed from watch; Rating downgraded, Negative outlook assigned and simultaneously withdrawn
Fund based short term bank facilities – Secured Overdraft	0.00	--	IVR BBB-/RWDI (IVR Triple B Minus; Rating under watch)	Withdrawn

**Head Office :** Flat No. 104/108, First Floor Golf Apartments, Sujan Singh Park, Maharishi Ramanna Marg, New Delhi - 110003, (INDIA)  
 Phone : 011 - 41410244, 40154576, 24611910, 24654796 Fax : 011 - 24627549

**Corporate Office :** Office No. 1102,1103,1104, B-Wing, Kanakia Wall Street, Off. Andheri Kurla Road, Andheri East, Mumbai-400093, (INDIA)  
 Phone No. : 022 - 62396023, 62396053 E-mail : info@infomerics.com, Website : www.infomerics.com

**CIN : U32202DL1986PTC024575**



Facilities	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action
			with developing implications)	
<b>Total</b>	<b>25.00</b> (Rupees Twenty five crore only)			

2. As per our normal procedure, we will be announcing the withdrawal of the rating through a Press Release, a copy of which will be sent to you shortly. **Meanwhile, please ensure that ratings are not used hereafter, for any purpose whatsoever**
3. In case of any future rating requirements, we will be happy to offer our services.

Thanking you,  
With Regards,

*Mahesh*  
**Kuruba Sai Mahesh**  
Rating Analyst  
Email: [kuruba.mahesh@infomerics.com](mailto:kuruba.mahesh@infomerics.com)

*Amit Bhuwania*  
**Amit Bhuwania**  
Director - Ratings  
Email: [abhuania@infomerics.com](mailto:abhuania@infomerics.com)

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.



## Press Release

### LKP Finance Limited (LKPFL)

January XX, 2025

#### Ratings

Facilities	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Fund based - long term bank facilities - Cash Credit	25.00	IVR BB+/Negative (IVR Double B plus with negative outlook)	IVR BBB-/ RWDI (IVR Triple B Minus; Rating under watch with developing implications)	Rating removed from watch; Rating downgraded; Negative outlook assigned and simultaneously withdrawn	Simple
Fund based short term bank facilities – Secured Overdraft	0.00	--	IVR BBB-/ RWDI (IVR Triple B Minus; Rating under watch with developing implications)	Withdrawn	Simple
<b>Total</b>			<b>25.00</b> <b>(Rupees twenty-five crore 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 downgraded its ratings assigned to LKPFL on account of declining financial performance, uncertainty about business continuity due to ongoing stake sale by the current promoters of LKPFL, weak asset quality, and small scale of operations in lending segment. However, ratings continue to derive strength from comfortable capitalisation levels.

Further the resolution of rating watch with developing implications on receipt of RBI approval for the stake sale by current promoters to Ms. Hindon Mercantile Limited and Mr. Kapil Garg.



## Press Release

The assignment of negative outlook is on account of decline in overall financial performance in the third quarter of FY25 on the back of uncertainty in the continuation of business by new promoters.

Simultaneously Infomerics has withdrawn the ratings assigned to bank loan facilities of LKPFL with immediate effect on the basis of request by the company vide their email dated 07<sup>th</sup> January 2025, based on acknowledgement received from Bank of India of surrendering of facilities from LKPFL and no objection certificate from Federal Bank. The rating is withdrawn in accordance with Infomerics Ratings withdrawal policy and at the request of the company.

**Key Rating Sensitivities:** Not Applicable

### List of key rating drivers with detailed description

#### Key rating strengths

##### Comfortable capitalisation

LKPFL is comfortably capitalised with total CRAR of 85.10% as on 31 March 2024 as against the minimum requirement of 15% due to retention of profits. The company has comfortable net worth of Rs 349.24 Crores and low gearing of 0.16x as on 31 March 2024.

#### Key rating weaknesses

##### Declining financial performance coupled with uncertainty about business continuity:

LKPFL financial performance has declined during the 3Q FY25 with negative revenue due to loss on fair value changes on investments as there is unrealised loss of Rs.7.54 crore on investments during 3QFY25 and LKPFL has reported net loss of Rs. 14.43 crore and Rs. 11.47 crore respectively in the same period as compared to total revenue and PAT of Rs. 82.81 crore and Rs. 55.06 crore respectively as on 31 March 2024, the future direction of the company will largely depend on the decisions made by the new promoters/management regarding the continuation of the current business model and the same will remain a key rating monitorable.

#### Weak asset quality



## Press Release

Given the nature of unsecured, high ticket size lending, the asset quality of the company remains under pressure as slippage of a single large account can have substantial impact on the asset quality of the company. The GNPA and NNPA deteriorated and stood at 9.29% and 0.00% respectively for FY24 (period refers from 01<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024) when compared to 6.27% and 0.00% respectively for FY23, mainly due to decrease in collections and degrowth in loan book. However, LKPFL has provided 100% provisions against GNPA's.

### **Relatively small scale of operations in lending segment**

In the lending vertical, despite being in the business for long time, the loan portfolio of the company stood low at Rs 56.11 Crores as on 31 March 2024, as it extends inter-corporate loans only to known clients/borrowers. Going forward, growing its loan book and reducing its exposure to big ticket size loans will be a key rating sensitivity.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Non-Banking Finance companies](#)

[Criteria of assigning Rating Outlook.](#)

[Complexity level of rated instruments/Facilities](#)

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

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

[Policy on Withdrawal of Ratings](#)

### **Liquidity:**

LKPFL is comfortably capitalized with total CRAR (%), tangible net worth of 85.10% and Rs 349.24 Crores respectively as on March 31, 2024. As on Sept 30, 2024, the company has liquidity amounting to Rs. 211.75 crore in the form of cash and bank balances and liquid investments.



## Press Release

### About the Company:

LKP Finance Limited was originally incorporated on May 5, 1984, as a private limited company under the provisions of Companies Act, 1956, as amended, as Elkaypee Merchant Financing Private Limited. The name of the Company was subsequently changed to LKP Merchant Financing Private Limited and a fresh certificate of incorporation, consequent upon change of name was issued by Registrar of Companies, Maharashtra at Mumbai on February 13, 1986. Thereafter upon conversion from private limited to public limited the name was changed to LKP Merchant Financing Limited and later on the name was changed to LKP Finance Limited on August 27, 2008.

The Company is engaged in the business of finance and trading in shares and securities, derivatives etc. The Company is registered as Non-Banking Financial Institution (NBFI) and is holding a certificate of registration (CoR) from Reserve Bank of India to carry on business of NBFI in terms of Sec 45-IA of the RBI Act, 1934.

### Financials (Standalone):

For the year ended/As on*	31-03-2023	31-03-2024
	(Audited)	(Audited)
Total Income	25.08	82.81
PAT	12.19	55.06
Assets Under Management	113.67	56.11
Tangible Net worth	293.32	349.24
Total debt	87.26	54.91
<u>Ratios</u>		
NIM (%)	7.27	7.61
Overall Gearing (Times)	0.30	0.16
Total CRAR (%)	74.44%	85.10%
Gross NPA (%)	6.68%	9.29%
Net NPA (%)	0.00%	0.00%
Interest coverage (Times)	5.49	22.02



## Press Release

\* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2024-25 (Sept 25, 2024)	Date(s) & Rating(s) assigned in 2024-25 (June 12, 2024)	Date(s) & Rating(s) assigned in 2023-24 (13 Feb 2024)
1.	Cash Credit	Long Term	25.00	IVR BB+/Negative (withdrawn)	IVR BBB-/RWDI	IVR BBB-/Stable	IVR BBB-/RWDI
2.	Overdraft	Short Term	--	Withdrawn	IVR A3/RWDI	IVR A3	IVR A3/RWDI

### Analytical Contacts:

Name: Sree Harsha Tel: (022) 62396023 Email: <a href="mailto:sree.harsha@infomerics.com">sree.harsha@infomerics.com</a>	Name: Amey Joshi Tel: (022) 62396023 Email: <a href="mailto:amey.joshi@infomerics.com">amey.joshi@infomerics.com</a>
---	--

### 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).





## Press Release

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).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### 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
Cash Credit	--	--	--	--	25.00	IVR BB+/Negative (Withdrawn)
Overdraft	--	--	--	--	0.00	Withdrawn

**Annexure 2: Facility wise lender details (Hyperlink to be added)**



## Press Release

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

**Annexure 4: List of companies considered for consolidated 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).

