No. CARE/HO/RL/2025-26/4089

Shri P. S. Saravanan
Vice President
Best Finance Corporation Limited
89/2, Avinashi Road,

Tirupur
Tamil Nadu 641603

December 22, 2025

<u>Confidential</u>

Dear Sir,

<u>Credit rating for proposed Non-Convertible Debenture issue</u>

Please refer to your request for rating of proposed Non-convertible Debenture (NCD) issue aggregating to Rs.200.00 crore of your Company.

2. The following ratings have been assigned by our Rating Committee:

Sr. No.	Instrument	Amount (₹ crore)	Rating[1]	Rating Action
1.	**Non Convertible Debentures**	**200.00**	**CARE BBB+; Stable**	**Assigned**

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of six months from the date of our initial communication of rating to you (that is December 18, 2025).

4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.

[1]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Ltd.'s publications.

7. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

8. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

9. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

10. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.

11. Our ratings are **not** recommendations to buy, sell or hold any securities.

12. If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE Ratings Ltd.

Thanking you,

Yours faithfully,

Hareesh H
Assistant Director
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Encl.: As above

Disclaimer

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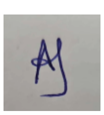

Annexure
Press Release
Best Finance Corporation Limited

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	440.00 (Enhanced from 140.00)	CARE BBB+; Stable	Upgraded from CARE BBB; Stable
Long-term bank facilities	360.00 (Enhanced from 260.00)	CARE A (CE); Stable	Reaffirmed
Non Convertible Debentures	200.00	CARE BBB+; Stable	Assigned
Commercial Paper	100.00	CARE A2	Assigned

Bank facilities backed by Corporate Guarantee (CG) extended by Best Corporation Private Limited (BCPL, rated 'CARE A; Stable/ CARE A1').
Details of instruments/facilities in Annexure-1.

Unsupported rating	**CARE BBB+ [Upgraded from CARE BBB]**

Note: Unsupported rating does not factor in the explicit credit enhancement.

Rationale and key rating drivers for credit enhanced debt

Reaffirmation of ratings assigned to bank facilities of Best Finance Corporation Limited (BFCL) is based on credit enhancement in the form of Corporate Guarantee (as stipulated by Reserve Bank of India's [RBI's] guidance note and FAQs dated April 22, 2022, and July 26, 2022) extended by Best Corporation Private Limited (BCPL).

Rationale and key rating drivers of BCPL (Guarantor)

Ratings assigned to bank facilities of Best Corporation Private Limited (BCPL) continue to derive strength from promoters' vast experience and the company's established track record in the textile industry. Ratings also derive strength from BCPL's long-standing relationship with established clients and strong capital structure characterised by low gearing levels, comfortable debt protection metrics, and low utilisation of working capital bank borrowings. Ratings also consider the divestment of entire stake in two wholly owned subsidiaries engaged in spinning, and change in shareholding pattern arising from a family settlement in the current financial year. CARE Ratings Limited (CareEdge Ratings) further notes the company's significant geographical exposure to the United States (US), which could exert margin pressure due to additional US tariffs. However, divestment of these relatively lower-margin subsidiaries, which also carried a substantial portion of the consolidated entity's debt, is expected to offset adverse impact of higher duties on exports to the US.

Ratings continue to be constrained by moderate client concentration, increasing exposure to group companies, profit margin vulnerability to raw material price volatility and fluctuations in foreign currency.

Rationale and key rating drivers of BFCL (Issuer)

Upgrade in ratings assigned to bank facilities and debt instruments of BFCL factor in the consistent financial performance and improvement in the scale of operations while maintaining comfortable capitalisation levels supported by equity raise on regular intervals. The company's assets under management (AUM) increased from ₹155 crore on March 31, 2022, to ₹566 crore on March 31, 2025, achieving a compounded annual growth rate (CAGR) of 54%, and further rose to ₹758 crore by September 30, 2025, with increase in the proportion of gold loans. The tangible net worth (TNW) stood at ₹258 crore as on September 30,2025 bolstered by total equity of ₹105 crore in FY25 and H1FY26 through conversion of ₹90 crore intercorporate loans to equity in FY25 and H1FY26 and fresh equity infusion of ₹16 crore from promoters and other Best group entities. Ratings also factor in the BFCL's stable profitability metrics with ROTA of 4.70% in FY25, which further improved to 5.98% in H1FY26 (on annualised basis). CareEdge Ratings notes that the company's profitability is expected to remain stable in the medium term with growth in the scale of operations with gold loan portfolio to remain at ~95% of the total AUM.

The rating also factors in comfortable asset quality metrics; however, moderation witnessed in H1FY26, mainly due to business loan exposure. The company was able to maintain stable asset quality despite moving to 90+ days past due (DPD) non-performing assets (NPA) recognition form 150+ DPD recognition in FY25, however, moderation in H1FY26 was witnessed due

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

to business loan exposure and auction for gold loans planned for year-end. Ratings further derive strength from the promoter's group and demonstrated support by the promoter.

However, ratings are constrained by concentrated resource profile, high product concentration and exposure to gold price risk, geographical concentration of loan portfolio, and intense competition in the gold loan business.

Rating sensitivities of the guarantor, BCPL: Factors likely to lead to rating actions

Positive factors

- Ability to scale up operations with the total operating income (TOI) exceeding ₹2,000 crore with a greater diversification in customer profile.

Negative factors

- Sharp drop in profitability margins to below 12% at profit before interest, lease rentals, depreciation, and taxation (PBILDT) levels on a sustained basis.
- Moderation in Adjusted Net gearing (Total debt including guaranteed loans, net of free cash and liquid investments to net worth less exposure to group companies) above 0.25x on a sustained basis.

Rating sensitivities of Issuer, BFCL: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Significant improvement in scale of operation while maintaining good profitability and stable asset quality.
- Significant improvement in capitalisation levels.
- Improvement in the resource profile

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Weakening of asset quality levels with GNPA above 3% resulting in moderation in profitability with return on total assets (ROTA) of less than 1% on a sustained basis.
- Weakening capitalisation with net gearing (excluding cash and cash equivalents) increasing to above 4x.

Analytical approach:

For CE Rating: CareEdge Ratings has considered consolidated financials of BCPL for its analytical purpose, which includes financials of its subsidiaries, where it has operational and financial linkages with them. CareEdge Ratings has also factored in exposure to group companies, which are not consolidated in books of accounts. All entities consolidated are listed under Annexure-6.

Non-guaranteed bank facilities/Unsupported rating: Standalone, factoring the support from the promoter group. The company shares common promoters and common brand name with BCPL. BFCL also receives funding support from the promoters and promoter group companies.

Outlook (BCPL): Stable

The stable outlook reflects that the company is expected to sustain its operational performance with benefits derived from vertically integrated business and captive power consumption, and its established market position in export and domestic markets.

Outlook (BFCL): Stable

CareEdge Ratings believes that the entity shall maintain good asset quality and stable profitability, while maintaining adequate capitalisation levels in the medium-term.

Detailed description of key rating drivers (BCPL - Guarantor):

Key strengths

Promoters' experience and group's established track record

BCPL was incorporated in 2004 by S Ramasamy, a first-generation entrepreneur, though its origins date back to 1967 as "Best Knitting Company." S Ramasamy, having six decades of experience in textiles, is supported by his son R Rajkumar, the

Managing Director. As of March 31, 2025, ownership was divided among S Ramasamy (23.3%), R Rajkumar (54.3%), and R Dhanapal (22.4%). In the year, two wholly owned subsidiaries were transferred to NDA Textile Corporation Private Limited (NDA), owned by R Dhanapal and his family, as part of a family settlement, which was followed by his exit from BCPL. Post-restructuring, ownership consolidated under R Rajkumar and his family, now hold 95%, while S Ramasamy retains 5% in BCPL and NDA.

Integrated nature of operations

BCPL operates as a vertically integrated enterprise, covering spinning, knitting, garmenting, and dyeing through its subsidiaries. The company sources ~40% of its yarn internally and handles all fabric processing and dyeing in-house. As on March 31, 2025, its consolidated capacity included 4,754 sewing machines, a dyeing facility of 12 tonne per day, and 130,032 spindles, which reduced to 41,952 spindles after divesting two spinning units. Garments contributed 58% (PY: 58%) of revenue, followed by yarn at 30% (PY: 28%) in FY25. BCPL also operates 53.7 MW of renewable energy, including a newly commissioned 20 MW solar plant dedicated to third-party under a power purchase agreement (PPA).

Presence across domestic and export markets

BCPL has a strong domestic and international customer base, supported by its long-standing presence in the textile industry. In FY25, US remained the largest market, accounting for ₹604.92 crore (37% of total income), while the rest came from Europe, the UK, and other regions. Top five clients contributed 36.69% (PY: 34.61%) of its total sales in FY25. Given the significant dependence on the US market, margins may face pressure due to new tariffs. To mitigate this, BCPL plans to expand into the UK and Europe under favourable trade agreements and shift part of US order production to its Kenya facility to benefit from lower tariffs.

Comfortable capital structure and debt protection metrics

BCPL maintains a strong capital structure with overall gearing at 0.20x as on March 31, 2024 (PY: 0.18x), supported by minimal reliance on external borrowings. The company completed major capex projects for a poly-spandex unit and for a 20 MW solar plant—funded largely through internal accruals and moderate term loans. With no further debt-funded capex planned, the capital structure is expected to remain comfortable. Debt protection metrics also remained strong with total debt to gross cash accruals (TD/GCA) to 1.2x as on March 31, 2024 (PY: 1.1x).

Stable operational and financial performance

BCPL's operating income grew by 23% in FY25 to ₹1,672 crore, supported by strong demand in apparel market and additional contributions from its new Ujjain subsidiary. In FY25, the PBILDT margin moderated to 14.95% from 15.96% in FY24, primarily due to lower realisations in the spinning division and higher overhead costs. Near-term profitability may remain under pressure from the US tariff hikes, but this is expected to be partly offset by the hive-off of two low-margin subsidiaries. These divested entities accounted for 30% of revenue, 33.27% of absolute PBILDT and 47% of consolidated debt in FY25, strengthening BCPL's margin profile going forward.

Key weaknesses

Increase in exposure to group entities

On a consolidated basis, BCPL has extended loans and advances, investments of ₹455.70 crore (PY: ₹228.41 crore) as on March 31, 2025, to group companies engaged in real estate, investment firms and NBFC sector. Major investment was in BFPL with loans and advances and investments of ₹150 crore (PY: ₹87 crore) as on March 31, 2025. BCPL had also extended corporate guarantee of ₹450 crore to working capital facilities of the group company 'Best Finance Corporation Limited'- engaged in lending loans against gold jewellery. Overall gearing adjusted for the group exposure and guarantees as on March 31, 2025, stood at 0.50x (PY: 0.33x), and adjusting for cash on the books and liquid investments the net adjusted gearing was 0.20x (PY: Nil) as on March 31, 2025.

Inherent volatility associated with raw material prices and its impact on profitability

The group's profitability is susceptible to movement in raw cotton prices, key raw material for production of cotton yarn. Raw cotton prices are volatile and depend on factors such as area under production, yield, vagaries of monsoon, international demand supply scenario, inventory carry forward from the previous year, and export quota with minimum support price (MSP) decided by the government. Although BCPL's integrated operations and long-term supplier relationships provide some cushion, the company remains exposed to cyclical movements in raw material prices. BCPL's profitability stood volatile in the range of 13.5-17.5% for five years ending FY25.

Liquidity (BCPL - Guarantor): Strong

Liquidity is strong marked by healthy accruals against repayment obligations with cash and liquid investments to the tune of ₹232.7 crore (PY: ₹237.8 crore) as on March 31, 2025. The company generally offers credit period of ~2 month and avails credit from suppliers for ~40 days. BCPL has sanctioned working capital limits of ₹352 crore on a consolidated basis and average utilisation stood at 33.48% for 12 months ended October 2025. Its unutilised bank lines are more-than-adequate to meet its incremental working capital needs in the next one year.

Detailed description of key rating drivers (BFCL – Issuer)

Key strengths

Strength of promoters' group and demonstrated support by promoter

BFCL is promoted by R Rajkumar, Managing Director, who brings over three decades of experience in the textile industry. The group's flagship company, BCPL, manufactures garments for reputed international clients. Incorporated in 2009, BFCL has received consistent capital support from its promoters through equity infusions, unsecured loans and inter-corporate deposits.

Since inception, the promoters have infused fresh equity of ₹35 crore across intervals. As on March 31, 2025, inter-corporate deposits and loans from directors stood at ₹146 crore, comprising 34% of total borrowings, compared to ₹124 crore (55% of total borrowings) as on March 31, 2024. As on September 30, 2025, these loans stood at ₹110 crore, forming 20% of total borrowings.

Comfortable capitalisation levels with regular equity infusion

BFCL's capitalisation remains comfortable, with the capital adequacy ratio (CAR) at 29.60% as on March 31, 2025, compared to 32.91% as on March 31, 2024**.** The gearing stood at 2.35x as on March 31, 2025 (PY: 2.08x). CAR levels have been maintained through internal accruals and regular capital infusions. In Q4FY25 and H1FY26, BCPL converted inter-corporate loans of ₹50 crore and ₹40 crore, respectively, into equity, increasing its stake in BFCL to 48.87%. Promoters and other Best Group entities infused fresh equity of ₹16 crore in H1FY26.

As on September 30, 2025, CAR and gearing stood at 32.01% and 2.14x, respectively, despite AUM growth. Promoters and group companies are expected to continue providing need-based equity support to BFCL. CareEdge Ratings expects capitalisation to remain comfortable in the medium term. CareEdge Ratings also notes that the company's net gearing is expected to remain below 4x in the medium term.

Improvement in scale of operation

BFCL's AUM registered strong growth of 88% in FY25, reaching ₹566 crore as on March 31, 2025, compared to ₹301 crore as on March 31, 2024, and further increased to ₹758 crore as on September 30, 2025. The company disbursed ₹1,456 crore in FY25, of which ₹1,434 crore were gold loans. In H1FY26, total disbursements stood at ₹1,462 crore. As on September 30, 2025, of the total AUM of ₹758 crore, 95% comprises gold loans, 4% comprises business loans and 1% comprises micro loan against property (LAP) loan. Going forward, the company is expected to focus towards growing the gold loans portfolio.

The branch network expanded from 85 branches as on March 31, 2023, to 117 branches as on September 30, 2025, driven by new branch openings in the Hyderabad region. CareEdge Ratings expects the AUM growth momentum to remain strong in the medium term.

Stable asset quality

Asset quality remained stable in FY25, with Gross NPA (GNPA) improving to 0.34% as on March 31, 2025, from 0.45% as on March 31, 2024, despite the transition in NPA recognition norms from 150+ DPD to 90+ DPD. Net NPA (NNPA) stood at 0.27% as on March 31, 2025.

Recovery processes remain efficient, with auctions of underlying jewellery for NPA accounts typically completed within three months after the one-year loan tenure ends. As on September 30, 2025, GNPA and NNPA stood at 1.60% and 1.44%, respectively, primarily due to increased delinquency in the Business Loan segment; however, recovery efforts are underway. As on November 30,2025, the 90+ dpd witnessed slight improvement with recovery in the business loan segment.

CareEdge Ratings expects asset quality to remain stable in the medium term, supported by the company's strategy to maintain gold loans at ~95% of the overall AUM.

Good profitability supported by controlled credit costs

BFCL reported a profit after tax (PAT) of ₹22 crore in FY25, compared to ₹16 crore in FY24. The company's net interest margin (NIM) stood at 12.54% in FY25, against 15.64% in FY24, primarily due to a reduction in overall yield following a strategic shift towards the gold loan segment. Operating expenses to average assets improved to 6.15% in FY25 from 7.52% in FY24, supported by an increase in scale of operations. Credit costs remained low at 0.15% in FY25, compared to 0.19% in FY24. Despite the moderation in NIM, BFCL achieved a return on total assets (ROTA) of 4.70% in FY25, against 5.90% in FY24. For H1FY26, BFCL reported a ROTA of 5.98% and a PAT of ₹22 crore compared to ROTA of 4.77% and PAT of ₹10 crore in H1FY25.

Key weaknesses

Concentrated resource profile

The resource profile remains concentrated, with borrowings primarily from promoters/group companies and bank facilities. As on March 31, 2025, working capital and term loans from banks accounted for ~62% of total borrowings, while inter-corporate loans, loans from directors, and loans from NBFCs constituted 30%, 5%, and 4%, respectively, compared to 38%, 46%, 9%, and 7% respectively, as on March 31, 2024.

As on September 30, 2025, the share of banks borrowings increased to 77%, while inter-corporate loans, loans from directors, and loans from NBFCs stood at 17%, 3%, and 3%, respectively. CareEdge Ratings expects the resource profile to remain concentrated in the medium term.

Geographical concentration of loan portfolio

BFCL's portfolio remains concentrated in Tamil Nadu and Telangana. The company entered Telangana in FY24 by opening ~15 branches in Hyderabad. As on March 31, 2025, Tamil Nadu accounted for ~74% of the gold loan portfolio (PY: 88%), while Telangana contributed ~26% (PY: 12%). By September 30, 2025, Telangana's share increased to 31%.

BFCL plans to expand into additional regions across South and Western India with branches in Goa and Maharashtra in the coming quarters; however, CareEdge Ratings expects the portfolio to remain concentrated in Southern India in the medium term.

High product concentration and exposure to price risk of gold

As on September 30, 2025, gold loans constituted 94.89% of the total loan portfolio, followed by business loans at 4.28% and Micro Loan against Property (LAP) loans at 0.83%. The company derives majority income from lending against gold jewellery. While the credit risk is mitigated to an extent as these loans are secured by highly liquid gold jewellery, the company remains exposed to gold price volatility, which could impact the asset cover.

Intense competition in the gold loan business

The gold loan financing industry has a strong and established presence in South India. Smaller NBFCs operating in this segment face intense competition, not only from large NBFCs with significant regional presence but also from South-based banks, which are active participants in the gold loan market.

Liquidity (BFCL – Issuer): Adequate

Per the asset liability management (ALM) statement dated September 30, 2025, the company reported a cumulative negative mismatch in the 3–6 month bucket. This is primarily due to the reporting of bank and inter-corporate borrowings under maturity buckets, although these borrowings are typically renewed or rolled over subsequently.

The company had unencumbered cash and cash equivalents of ₹8 crore as on September 30, 2025, and unutilised bank limits (CC/WCDL) of ₹53 crore. Liquidity is supported by BCPL and the Best Corp group, which are expected to provide need-based assistance. Liquidity position is expected to remain adequate.

Applicable criteria

Consolidation
Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Credit Enhanced Debt
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios - Financial Sector
Financial Ratios – Non financial Sector
Cotton Textile
Non Banking Financial Companies
Short Term Instruments

Adequacy of credit enhancement structure:
The guarantee provided by BCPL is unconditional, irrevocable and legally enforceable and binding on guarantor covering the entire tenor of bank facilities.

About the credit enhancement provider

Incorporated in 2004 by S Ramasamy, BCPL is a leading textile manufacturer specialising in knitted garments for men, women, teens, school children, and toddlers, with a strong focus on innerwear and babywear. The company operates with an installed capacity of 4,754 sewing machines and has established a significant presence in export markets.

As on March 31, 2025, BCPL had 12 subsidiaries engaged in garment manufacturing, yarn and fabric production, and international trading of garments and related products. Following a family settlement, two subsidiaries—Best Cotton Mills Private Limited (31,728 spindles and 800 sewing machines) and RRD Tex Private Limited (38,400 spindles and 32 knitting machines)—were divested to NDA.

Post-restructuring, BCPL retains 10 subsidiaries with a consolidated capacity of 41,952 spindles, 4,754 sewing machines, and 65 knitting machines. It also operates a dyeing facility capable of processing 12 tonne of knitted fabric per day and sells ring-spun yarn and finished fabric ranging from 20’s NE to 60’s NE in the domestic market.

On a consolidated basis, garments contributed 58% of total revenue in FY25 (previous year: 70%), while yarn accounted for 28% (previous year: 20%). Ownership is now primarily held by R Rajkumar (77%) and his family, with S Ramasamy retaining a 5% stake in BCPL and NDA.

Brief Financials (₹ crore) (Consolidated)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	1,356.0	1,672.0
PBILDT*	216.4	250.0
PAT	194.7	174.7
Overall gearing (times)	0.20	0.25
Interest coverage (times)	13.46	10.00

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

BFCL is a non-deposit taking base layer NBFC registered with the Reserve Bank of India (RBI) and headquartered in Coimbatore, Tamil Nadu. Incorporated in November 2009, BFCL is promoted by R Rajkumar, who is also the promoter of BCPL (rated 'CARE A; Stable/ CARE A1'). BFCL forms part of the Best Group, whose flagship company, BCPL, specialises in manufacturing undergarments and baby wear.

As on September 30, 2025, the promoters and their family held 44.94% of the shareholding, while BCPL held 48.87%, with the balance owned by other promoter group entities. BFCL primarily lends against used jewellery/gold ornaments at an average interest rate of 22% and an average tenure of one year.

As on September 30, 2025, gold loans constituted 94.89% of the total outstanding portfolio, followed by business loans (4.28%) and Micro LAP loans (0.83%). The company operates through 117 branches across 11 districts in Tamil Nadu and Telangana.

Brief Financials (₹ crore)	31-03-2024	31-03-2025	30-09-2025
Standalone	**A**	**A**	**A**
Total income	60	94	70
Profit after tax (PAT)	16	22	22
Assets under management (AUM)	301	566	758
On-book gearing (x)	2.08	2.35	2.14
AUM / tangible net-worth (TNW) (x)	2.80	3.13	2.94
Gross non-performing assets (NPA) / gross stage 3 (%)	0.45	0.34	1.60
Return on managed assets (ROMA) (%)	5.90	4.70	5.98
Capital adequacy ratio (CAR) (%)	32.91	29.60	32.01

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based-Long Term	-	-	-	June 2030	360.00	CARE A (CE); Stable
Fund-based-Long Term	-	-	-	September 2029	440.00	CARE BBB+; Stable
Un Supported Rating-Un Supported Rating (Long	-	-	-	-	0.00	CARE BBB+

Term)						
Commercial Paper-Commercial Paper (Standalone)	Proposed	-	-	-	100.00	CARE A2
Debentures-Non Convertible Debentures	Proposed	-	-	-	200.00	CARE BBB+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)Withdrawn (25-Jan-23) 2)CARE BBB+ (CE); Stable (22-Jun-22) 3)CARE BBB+ (CE); Stable (06-Apr-22)
2	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (25-Jan-23) 2)CARE BBB-; Stable (06-Apr-22)
3	Un Supported Rating-Un Supported Rating (Long Term)	LT	-	-	-	-	-	1)Withdrawn (25-Jan-23) 2)CARE BBB- (22-Jun-22) 3)CARE BBB- (06-Apr-22)
4	Fund-based-Long Term	LT	-	-	-	-	-	1)Withdrawn (25-Jan-23)

								2)Provisional CARE A (CE); Stable (22-Jun-22)
5	Fund-based-Long Term	LT	360.00	CARE A (CE); Stable	-	1)CARE A (CE); Stable (26-Feb-25)	1)CARE A (CE); Stable (21-Mar-24)	1)CARE A (CE); Stable (21-Feb-23) 2)CARE BBB-; Stable (25-Jan-23)
6	Un Supported Rating-Un Supported Rating (Long Term)	LT	0.00	CARE BBB+	-	1)CARE BBB (26-Feb-25)	1)CARE BBB- (21-Mar-24)	1)CARE BBB- (21-Feb-23)
7	Fund-based-Long Term	LT	440.00	CARE BBB+; Stable	-	1)CARE BBB; Stable (26-Feb-25)	-	-
8	Debentures-Non Convertible Debentures	LT	200.00	CARE BBB+; Stable				
9	Commercial Paper-Commercial Paper (Standalone)	ST	100.00	CARE A2				

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Name of the Instrument	Detailed Explanation
A. Financial covenants	GNPA less than 3% and NNPA less than 1%
	CRAR not below 25%
	TOL/ATNW maximum 5
	Tier I CAR ratio to be maintained at minimum levels of 14%

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Debentures-Non Convertible Debentures	Simple
3	Fund-based-Long Term	Complex
4	Fund-based-Long Term	Simple
5	Un Supported Rating-Un Supported Rating (Long Term)	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

The subsidiaries of BCPL which have been consolidated are as below:

S.No	Name of the subsidiary	Extent of consolidation	Rationale for consolidation
1	RRD Apparels Pvt Ltd	Full	Wholly owned subsidiary
2	Lan Spintex Pvt Ltd	Full	Subsidiary
3	Marquis Impex PTE. Ltd and Its Subsidiary	Full	Wholly owned subsidiary
4	Best Tech Clothing Private Limited	Full	Wholly owned subsidiary
5	LAN Garments Private Limited	Full	Wholly owned subsidiary
6	Best Active Apparel Private Limited	Full	Wholly owned subsidiary
7	Best Lifestyle Apparel Private Limited	Full	Wholly owned subsidiary
8	Best LAN Garments	Full	Wholly owned subsidiary
9	Best Tech Apparels Private Limited	Full	Wholly owned subsidiary
10	Best Colour Tech Private Limited	Full	Wholly owned subsidiary
11	Best Cotton Mills Private Limited	Full	Wholly owned subsidiary
12	RRD Tex Private Limited	Full	Wholly owned subsidiary
13	Best Finance Corporation Limited	Moderate	Associate
14	ARAS Value INC	Moderate	Associate

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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CIN-L67190MH1993PLC071691

Best Finance Corporation Limited

January 22, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	415.00 (Reduced from 440.00)	CARE BBB+; Stable	Reaffirmed
Long-term bank facilities	385.00 (Enhanced from 360.00)	CARE A (CE); Stable	Reaffirmed
Non-convertible debentures	200.00	CARE BBB+; Stable	Reaffirmed
Commercial paper	100.00	CARE A2	Reaffirmed

Bank facilities backed by Corporate Guarantee (CG) extended by Best Corporation Private Limited (BCPL, rated 'CARE A; Stable/ CARE A1').
Details of instruments/facilities in Annexure-1.

Unsupported rating	**CARE BBB+ [Reaffirmed]**

Note: Unsupported rating does not factor in the explicit credit enhancement.

Rationale and key rating drivers for credit enhanced debt

Reaffirmation of ratings assigned to bank facilities of Best Finance Corporation Limited (BFCL) is based on credit enhancement in the form of Corporate Guarantee (as stipulated by Reserve Bank of India's [RBI's] guidance note and FAQs dated April 22, 2022, and July 26, 2022) extended by Best Corporation Private Limited (BCPL).

Rationale and key rating drivers of BCPL (Guarantor)

Ratings assigned to bank facilities of BCPL continue to derive strength from promoters' vast experience and the company's established track record in the textile industry. Ratings also derive strength from BCPL's long-standing relationship with established clients and strong capital structure characterised by low gearing levels, comfortable debt protection metrics, and low utilisation of working capital bank borrowings. Ratings also consider the divestment of entire stake in two wholly owned subsidiaries engaged in spinning, and change in shareholding pattern arising from a family settlement in the current financial year. CARE Ratings Limited (CareEdge Ratings) further notes the company's significant geographical exposure to the United States (US), which could exert margin pressure due to additional US tariffs. However, divestment of these relatively lower-margin subsidiaries, which also carried a substantial portion of the consolidated entity's debt, is expected to offset adverse impact of higher duties on exports to the US.

Ratings continue to be constrained by moderate client concentration, increasing exposure to group companies, profit margin vulnerability to raw material price volatility, and fluctuations in foreign currency.

Rationale and key rating drivers of BFCL (Issuer)

Reaffirmation in ratings assigned to bank facilities and debt instruments of BFCL factors in the consistent financial performance and improvement in the scale of operations while maintaining comfortable capitalisation levels supported by equity raise on regular intervals. The company's assets under management (AUM) increased from ₹155 crore on March 31, 2022, to ₹566 crore on March 31, 2025, achieving a compounded annual growth rate (CAGR) of 54%, and further rose to ₹758 crore by September 30, 2025, with increase in the proportion of gold loans. The tangible net worth (TNW) stood at ₹258 crore as on September 30, 2025, bolstered by total equity of ₹105 crore in FY25 and H1FY26 through conversion of ₹90 crore intercorporate loans to equity in FY25 and H1FY26 and fresh equity infusion of ₹16 crore from promoters and other Best group entities. Ratings also factor in the BFCL's stable profitability metrics with return on total assets (ROTA) of 4.70% in FY25, which further improved to 5.98% in H1FY26 (on annualised basis). CareEdge Ratings notes that the company's profitability is expected to remain stable in the medium term with growth in the scale of operations with gold loan portfolio to remain at ~95% of the total AUM.

The rating also factors in comfortable asset quality metrics; however, moderation witnessed in H1FY26, mainly due to business loan exposure. The company was able to maintain stable asset quality despite moving to 90+ days past due (DPD) non-performing assets (NPA) recognition form 150+ DPD recognition in FY25, however, moderation in H1FY26 was witnessed due to business

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

loan exposure and auction for gold loans planned for year-end. Ratings further derive strength from the promoter's group and demonstrated support by the promoter.

However, ratings are constrained by concentrated resource profile, high product concentration and exposure to gold price risk, geographical concentration of loan portfolio, and intense competition in the gold loan business.

Rating sensitivities of the guarantor, BCPL: Factors likely to lead to rating actions

Positive factors

- Ability to scale up operations with the total operating income (TOI) exceeding ₹2,000 crore with a greater diversification in customer profile.

Negative factors

- Sharp drop in profitability margins to below 12% at profit before interest, lease rentals, depreciation, and taxation (PBILDT) levels on a sustained basis.
- Moderation in Adjusted Net gearing (Total debt including guaranteed loans, net of free cash and liquid investments to net worth less exposure to group companies) above 0.25x on a sustained basis.

Rating sensitivities of Issuer, BFCL: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Significant improvement in scale of operation while maintaining good profitability and stable asset quality.
- Significant improvement in capitalisation levels.
- Improvement in the resource profile

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Weakening of asset quality levels with GNPA above 3% resulting in moderation in profitability with return on total assets (ROTA) of less than 1% on a sustained basis.
- Weakening capitalisation with net gearing (excluding cash and cash equivalents) increasing to above 4x.

Analytical approach:

For CE Rating: CareEdge Ratings has considered consolidated financials of BCPL for its analytical purpose, which includes financials of its subsidiaries, where it has operational and financial linkages with them. CareEdge Ratings has also factored in exposure to group companies, which are not consolidated in books of accounts. All entities consolidated are listed under Annexure-6.

Non-guaranteed bank facilities/Unsupported rating: Standalone, factoring the support from the promoter group. The company shares common promoters and common brand name with BCPL. BFCL also receives funding support from the promoters and promoter group companies.

Outlook (BCPL): Stable

The stable outlook reflects that the company is expected to sustain its operational performance with benefits derived from vertically integrated business and captive power consumption, and its established market position in export and domestic markets.

Outlook (BFCL): Stable

CareEdge Ratings believes that the entity shall maintain good asset quality and stable profitability, while maintaining adequate capitalisation levels in the medium-term.

Detailed description of key rating drivers (BCPL - Guarantor):

Key strengths

Promoters' experience and group's established track record

BCPL was incorporated in 2004 by S Ramasamy, a first-generation entrepreneur, though its origins date back to 1967 as "Best Knitting Company." S Ramasamy, having six decades of experience in textiles, is supported by his son, R Rajkumar, the Managing Director. As on March 31, 2025, the ownership was divided among S Ramasamy (23.3%), R Rajkumar (54.3%), and R Dhanapal (22.4%). In the year, two wholly owned subsidiaries were transferred to NDA Textile Corporation Private Limited (NDA), owned by R Dhanapal and his family, as part of a family settlement, which was followed by his exit from BCPL. Post-restructuring, ownership consolidated under R Rajkumar and his family, now hold 95%, while S Ramasamy retains 5% in BCPL and NDA.

Integrated nature of operations
BCPL operates as a vertically integrated enterprise, covering spinning, knitting, garmenting, and dyeing through its subsidiaries. The company sources ~40% of its yarn internally and handles all fabric processing and dyeing in-house. As on March 31, 2025, its consolidated capacity included 4,754 sewing machines, a dyeing facility of 12 tonne per day, and 130,032 spindles, which reduced to 41,952 spindles after divesting two spinning units. Garments contributed 58% (PY: 58%) of revenue, followed by yarn at 30% (PY: 28%) in FY25. BCPL also operates 53.7 MW of renewable energy, including a newly commissioned 20-MW solar plant dedicated to third-party under a power purchase agreement (PPA).

Presence across domestic and export markets
BCPL has a strong domestic and international customer base, supported by its long-standing presence in the textile industry. In FY25, the US remained the largest market, accounting for ₹604.92 crore (37% of total income), while the rest came from Europe, the UK, and other regions. Top five clients contributed 36.69% (PY: 34.61%) of its total sales in FY25. Given the significant dependence on the US market, margins may face pressure due to new tariffs. To mitigate this, BCPL plans to expand into the UK and Europe under favourable trade agreements and shift part of US order production to its Kenya facility to benefit from lower tariffs.

Comfortable capital structure and debt protection metrics
BCPL maintains a strong capital structure with overall gearing at 0.20x as on March 31, 2024 (PY: 0.18x), supported by minimal reliance on external borrowings. The company completed major capex projects for a poly-spandex unit and for a 20 MW solar plant—funded largely through internal accruals and moderate term loans. With no further debt-funded capex planned, the capital structure is expected to remain comfortable. Debt protection metrics also remained strong with total debt to gross cash accruals (TD/GCA) to 1.2x as on March 31, 2024 (PY: 1.1x).

Stable operational and financial performance
BCPL's operating income grew by 23% in FY25 to ₹1,672 crore, supported by strong demand in apparel market and additional contributions from its new Ujjain subsidiary. In FY25, the PBILDT margin moderated to 14.95% from 15.96% in FY24, primarily due to lower realisations in the spinning division and higher overhead costs. Near-term profitability may remain under pressure from the US tariff hikes, but this is expected to be partly offset by the hive-off of two low-margin subsidiaries. These divested entities accounted for 30% of revenue, 33.27% of absolute PBILDT and 47% of consolidated debt in FY25, strengthening BCPL's margin profile going forward.

Key weaknesses

Increase in exposure to group entities
On a consolidated basis, BCPL has extended loans and advances, investments of ₹455.70 crore (PY: ₹228.41 crore) as on March 31, 2025, to group companies engaged in real estate, investment firms and non-banking financial company (NBFC) sector. Major investment was in BFPL with loans and advances and investments of ₹150 crore (PY: ₹87 crore) as on March 31, 2025. BCPL had also extended corporate guarantee of ₹450 crore to working capital facilities of the group company 'Best Finance Corporation Limited'- engaged in lending loans against gold jewellery. Overall gearing adjusted for the group exposure and guarantees as on March 31, 2025, stood at 0.50x (PY: 0.33x), and adjusting for cash on the books and liquid investments the net adjusted gearing was 0.20x (PY: Nil) as on March 31, 2025.

Inherent volatility associated with raw material prices and its impact on profitability
The group's profitability is susceptible to the movement in raw cotton prices, key raw material for cotton yarn production. Raw cotton prices are volatile and depend on factors such as area under production, yield, vagaries of monsoon, international demand supply scenario, inventory carry forward from the previous year, and export quota with minimum support price (MSP) decided by the government. Although BCPL's integrated operations and long-term supplier relationships provide some cushion, the company remains exposed to cyclical movements in raw material prices. BCPL's profitability stood volatile in the range of 13.5-17.5% for five years ending FY25.

Liquidity (BCPL - Guarantor): Strong
Liquidity is strong marked by healthy accruals against repayment obligations with cash and liquid investments to the tune of ₹232.7 crore (PY: ₹237.8 crore) as on March 31, 2025. The company generally offers credit period of ~2 months and avails credit

from suppliers for ~40 days. BCPL has sanctioned working capital limits of ₹352 crore on a consolidated basis and average utilisation stood at 33.48% for 12 months ended October 2025. Its unutilised bank lines are more-than-adequate to meet its incremental working capital needs in the next one year.

Detailed description of key rating drivers (BFCL – Issuer)

Key strengths

Strength of promoters' group and demonstrated support by promoter

BFCL is promoted by R Rajkumar, Managing Director, who brings over three decades of experience in the textile industry. The group's flagship company, BCPL, manufactures garments for reputed international clients. Incorporated in 2009, BFCL has received consistent capital support from its promoters through equity infusions, unsecured loans and inter-corporate deposits.

Since inception, the promoters have infused fresh equity of ₹35 crore across intervals. As on March 31, 2025, inter-corporate deposits and loans from directors stood at ₹146 crore, comprising 34% of total borrowings, compared to ₹124 crore (55% of total borrowings) as on March 31, 2024. As on September 30, 2025, these loans stood at ₹110 crore, forming 20% of total borrowings.

Comfortable capitalisation levels with regular equity infusion

BFCL's capitalisation remains comfortable, with the capital adequacy ratio (CAR) at 29.60% as on March 31, 2025, compared to 32.91% as on March 31, 2024**.** The gearing stood at 2.35x as on March 31, 2025 (PY: 2.08x). CAR levels have been maintained through internal accruals and regular capital infusions. In Q4FY25 and H1FY26, BCPL converted inter-corporate loans of ₹50 crore and ₹40 crore, respectively, into equity, increasing its stake in BFCL to 48.87%. Promoters and other Best Group entities infused fresh equity of ₹16 crore in H1FY26.

As on September 30, 2025, CAR and gearing stood at 32.01% and 2.14x, respectively, despite AUM growth. Promoters and group companies are expected to continue providing need-based equity support to BFCL. CareEdge Ratings expects capitalisation to remain comfortable in the medium term. CareEdge Ratings also notes that the company's net gearing is expected to remain below 4x in the medium term.

Improvement in scale of operation

BFCL's AUM registered strong growth of 88% in FY25, reaching ₹566 crore as on March 31, 2025, compared to ₹301 crore as on March 31, 2024, and further increased to ₹758 crore as on September 30, 2025. The company disbursed ₹1,456 crore in FY25, of which ₹1,434 crore were gold loans. In H1FY26, total disbursements stood at ₹1,462 crore. As on September 30, 2025, of the total AUM of ₹758 crore, 95% comprises gold loans, 4% comprises business loans and 1% comprises micro loan against property (LAP) loan. Going forward, the company is expected to focus towards growing the gold loans portfolio.

The branch network expanded from 85 branches as on March 31, 2023, to 117 branches as on September 30, 2025, driven by new branch openings in the Hyderabad region. CareEdge Ratings expects the AUM growth momentum to remain strong in the medium term.

Stable asset quality

Asset quality remained stable in FY25, with GNPA improving to 0.34% as on March 31, 2025, from 0.45% as on March 31, 2024, despite the transition in NPA recognition norms from 150+ DPD to 90+ DPD. Net NPA (NNPA) stood at 0.27% as on March 31, 2025.

Recovery processes remain efficient, with auctions of underlying jewellery for NPA accounts typically completed within three months after the one-year loan tenure ends. As on September 30, 2025, GNPA and NNPA stood at 1.60% and 1.44%, respectively, primarily due to increased delinquency in the Business Loan segment; however, recovery efforts are underway. As on November 30, 2025, the 90+ dpd witnessed slight improvement with recovery in the business loan segment.

CareEdge Ratings expects asset quality to remain stable in the medium term, supported by the company's strategy to maintain gold loans at ~95% of the overall AUM.

Good profitability supported by controlled credit costs

BFCL reported a profit after tax (PAT) of ₹22 crore in FY25, compared to ₹16 crore in FY24. The company's net interest margin (NIM) stood at 12.54% in FY25, against 15.64% in FY24, primarily due to a reduction in overall yield following a strategic shift towards the gold loan segment. Operating expenses to average assets improved to 6.15% in FY25 from 7.52% in FY24, supported by an increase in scale of operations. Credit costs remained low at 0.15% in FY25, compared to 0.19% in FY24. Despite the moderation in NIM, BFCL achieved a return on total assets (ROTA) of 4.70% in FY25, against 5.90% in FY24. For H1FY26, BFCL reported a ROTA of 5.98% and a PAT of ₹22 crore compared to ROTA of 4.77% and PAT of ₹10 crore in H1FY25.

Key weaknesses

Concentrated resource profile

The resource profile remains concentrated, with borrowings primarily from promoters/group companies and bank facilities. As on March 31, 2025, working capital and term loans from banks accounted for ~62% of total borrowings, while inter-corporate loans, loans from directors, and loans from NBFCs constituted 30%, 5%, and 4%, respectively, compared to 38%, 46%, 9%, and 7% respectively, as on March 31, 2024.

As on September 30, 2025, the share of banks borrowings increased to 77%, while inter-corporate loans, loans from directors, and loans from NBFCs stood at 17%, 3%, and 3%, respectively. CareEdge Ratings expects the resource profile to remain concentrated in the medium term.

Geographical concentration of loan portfolio

BFCL's portfolio remains concentrated in Tamil Nadu and Telangana. The company entered Telangana in FY24 by opening ~15 branches in Hyderabad. As on March 31, 2025, Tamil Nadu accounted for ~74% of the gold loan portfolio (PY: 88%), while Telangana contributed ~26% (PY: 12%). By September 30, 2025, Telangana's share increased to 31%.

BFCL plans to expand into additional regions across South and Western India with branches in Goa and Maharashtra in the coming quarters; however, CareEdge Ratings expects the portfolio to remain concentrated in Southern India in the medium term.

High product concentration and exposure to price risk of gold

As on September 30, 2025, gold loans constituted 94.89% of the total loan portfolio, followed by business loans at 4.28% and Micro loan against property (LAP) loans at 0.83%. The company derives majority income from lending against gold jewellery. While the credit risk is mitigated to an extent as these loans are secured by highly liquid gold jewellery, the company remains exposed to gold price volatility, which could impact the asset cover.

Intense competition in the gold loan business

The gold loan financing industry has a strong and established presence in South India. Smaller NBFCs operating in this segment face intense competition, not only from large NBFCs with significant regional presence but also from South-based banks, which are active participants in the gold loan market.

Liquidity (BFCL – Issuer): Adequate

Per the asset liability management (ALM) statement dated September 30, 2025, the company reported a cumulative negative mismatch in the 3–6 month bucket. This is primarily due to the reporting of bank and inter-corporate borrowings under maturity buckets, although these borrowings are typically renewed or rolled over subsequently.

The company had unencumbered cash and cash equivalents of ₹8 crore as on September 30, 2025, and unutilised bank limits (CC/WCDL) of ₹53 crore. Liquidity is supported by BCPL and the Best Corp group, which are expected to provide need-based assistance. Liquidity position is expected to remain adequate.

Applicable criteria

Consolidation
Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Credit Enhanced Debt
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios - Financial Sector
Financial Ratios – Non financial Sector
Cotton Textile

[Short Term Instruments](#)
[Non Banking Financial Companies](#)

Adequacy of credit enhancement structure:
The guarantee provided by BCPL is unconditional, irrevocable and legally enforceable and binding on guarantor covering the entire tenor of bank facilities.

About the credit enhancement provider

Incorporated in 2004 by S Ramasamy, BCPL is a leading textile manufacturer specialising in knitted garments for men, women, teens, school children, and toddlers, with a strong focus on innerwear and babywear. The company operates with an installed capacity of 4,754 sewing machines and has established a significant presence in export markets.

As on March 31, 2025, BCPL had 12 subsidiaries engaged in garment manufacturing, yarn and fabric production, and international trading of garments and related products. Following a family settlement, two subsidiaries—Best Cotton Mills Private Limited (31,728 spindles and 800 sewing machines) and RRD Tex Private Limited (38,400 spindles and 32 knitting machines)—were divested to NDA.

Post-restructuring, BCPL retains 10 subsidiaries with a consolidated capacity of 41,952 spindles, 4,754 sewing machines, and 65 knitting machines. It also operates a dyeing facility capable of processing 12 tonne of knitted fabric per day and sells ring-spun yarn and finished fabric ranging from 20's NE to 60's NE in the domestic market.

On a consolidated basis, garments contributed 58% of total revenue in FY25 (previous year: 70%), while yarn accounted for 28% (previous year: 20%). Ownership is now primarily held by R Rajkumar (77%) and his family, with S Ramasamy retaining a 5% stake in BCPL and NDA.

Brief Financials (₹ crore) (Consolidated)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	1,356.0	1,672.0
PBILDT*	216.4	250.0
PAT	194.7	174.7
Overall gearing (times)	0.20	0.25
Interest coverage (times)	13.46	10.00

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

BFCL is a non-deposit taking base layer NBFC registered with the Reserve Bank of India (RBI) and headquartered in Coimbatore, Tamil Nadu. Incorporated in November 2009, BFCL is promoted by R Rajkumar, who is also the promoter of BCPL (rated 'CARE A; Stable/ CARE A1'). BFCL forms part of the Best Group, whose flagship company, BCPL, specialises in manufacturing undergarments and baby wear.

As on September 30, 2025, the promoters and their family held 44.94% of the shareholding, while BCPL held 48.87%, with the balance owned by other promoter group entities. BFCL primarily lends against used jewellery/gold ornaments at an average interest rate of 22% and an average tenure of one year.

As on September 30, 2025, gold loans constituted 94.89% of the total outstanding portfolio, followed by business loans (4.28%) and Micro LAP loans (0.83%). The company operates through 117 branches across 11 districts in Tamil Nadu and Telangana.

Brief Financials (₹ crore)	31-03-2024	31-03-2025	30-09-2025
Standalone	A	A	UA

Total income	60	94	70
Profit after tax (PAT)	16	22	22
Assets under management (AUM)	301	566	758
On-book gearing (x)	2.08	2.35	2.14
AUM / tangible net-worth (TNW) (x)	2.80	3.13	2.94
Gross non-performing assets (NPA) / gross stage 3 (%)	0.45	0.34	1.60
Return on managed assets (ROMA) (%)	5.90	4.70	5.98
Capital adequacy ratio (CAR) (%)	32.91	29.60	32.01

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)	Proposed	-	-	-	100.00	CARE A2
Debentures-Non-convertible debentures	Proposed	-	-	-	200.00	CARE BBB+; Stable
Fund-based-Long Term	-	-	-	September 2029	415.00	CARE BBB+; Stable
Fund-based-Long Term	-	-	-	June 2030	385.00	CARE A (CE); Stable
Unsupported Rating-Unsupported Rating (Long Term)	-	-	-	-	0.00	CARE BBB+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)Withdrawn (25-Jan-23) 2)CARE BBB+ (CE); Stable (22-Jun-22) 3)CARE BBB+ (CE); Stable (06-Apr-22)
2	Debentures-Non-convertible debentures	LT	-	-	-	-	-	1)Withdrawn (25-Jan-23) 2)CARE BBB-; Stable (06-Apr-22)
3	Unsupported Rating-Unsupported Rating (Long Term)	LT	-	-	-	-	-	1)Withdrawn (25-Jan-23) 2)CARE BBB- (22-Jun-22) 3)CARE BBB- (06-Apr-22)
4	Fund-based-Long Term	LT	-	-	-	-	-	1)Withdrawn (25-Jan-23) 2)Provisional CARE A (CE); Stable (22-Jun-22)
5	Fund-based-Long Term	LT	385.00	CARE A (CE); Stable	1)CARE A (CE); Stable (22-Dec-25)	1)CARE A (CE); Stable (26-Feb-25)	1)CARE A (CE); Stable (21-Mar-24)	1)CARE A (CE); Stable (21-Feb-23) 2)CARE BBB-; Stable (25-Jan-23)
6	Unsupported Rating-Unsupported Rating (Long Term)	LT	0.00	CARE BBB+	1)CARE BBB+ (22-Dec-25)	1)CARE BBB (26-Feb-25)	1)CARE BBB- (21-Mar-24)	1)CARE BBB- (21-Feb-23)

7	Fund-based-Long Term	LT	415.00	CARE BBB+; Stable	1)CARE BBB+; Stable (22-Dec-25)	1)CARE BBB; Stable (26-Feb-25)	-	-
8	Debentures-Non-convertible debentures	LT	200.00	CARE BBB+; Stable	1)CARE BBB+; Stable (22-Dec-25)	-	-	-
9	Commercial Paper-Commercial Paper (Standalone)	ST	100.00	CARE A2	1)CARE A2 (22-Dec-25)	-	-	-

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Name of the Instrument	Detailed Explanation
A. Financial covenants	GNPA less than 3% and NNPA less than 1%
	CRAR not below 25%
	TOL/ATNW maximum 5
	Tier I CAR ratio to be maintained at minimum levels of 14%

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Debentures-Non-convertible debentures	Simple
3	Fund-based-Long Term	Complex
4	Fund-based-Long Term	Simple
5	Unsupported Rating-Unsupported Rating (Long Term)	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

BCPL's consolidated subsidiaries are:

S.No	Name of the subsidiary	Extent of consolidation	Rationale for consolidation
1	RRD Apparels Pvt Ltd	Full	Wholly owned subsidiary
2	Lan Spintex Pvt Ltd	Full	Subsidiary
3	Marquis Impex PTE. Ltd and Its Subsidiary	Full	Wholly owned subsidiary
4	Best Tech Clothing Private Limited	Full	Wholly owned subsidiary
5	LAN Garments Private Limited	Full	Wholly owned subsidiary
6	Best Active Apparel Private Limited	Full	Wholly owned subsidiary
7	Best Lifestyle Apparel Private Limited	Full	Wholly owned subsidiary
8	Best LAN Garments	Full	Wholly owned subsidiary
9	Best Tech Apparels Private Limited	Full	Wholly owned subsidiary
10	Best Colour Tech Private Limited	Full	Wholly owned subsidiary
11	Best Cotton Mills Private Limited	Full	Wholly owned subsidiary
12	RRD Tex Private Limited	Full	Wholly owned subsidiary
13	Best Finance Corporation Limited	Moderate	Associate
14	ARAS Value INC	Moderate	Associate

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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