



Press Release

Capri Global Capital Limited (CGCL)

March 26, 2024

Ratings					
Instrument Facility /	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Non-Convertible Debentures (NCDs)	150.00	IVR AA/ Positive (IVR Double A with Positive outlook)	IVR AA/ Stable (IVR Double A with Stable outlook)	Reaffirmed with revision in outlook	Simple
Proposed Non-Convertible Debentures (NCDs)	150.00	IVR AA/ Positive (IVR Double A with Positive outlook)	IVR AA/ Stable (IVR Double A with Stable outlook)	Reaffirmed with revision in outlook	Simple
Long Term Bank Facilities – Term Loans	6946.76 (Decreased from Rs.7483.18)	IVR AA/ Positive (IVR Double A with Positive outlook)	IVR AA/ Stable (IVR Double A with Stable outlook)	Reaffirmed with revision in outlook	Simple
Long term Bank Facilities – Proposed Term Loan	643.24 (Increased from Rs. 506.82 crore)	IVR AA/ Positive (IVR Double A with Positive outlook)	IVR AA/ Stable (IVR Double A with Stable outlook)	Reaffirmed with revision in outlook	Simple
Long term Bank Facilities – Cash Credit	505.00 (Increased from Rs 105.00 Crore)	IVR AA/ Positive (IVR Double A with Positive outlook)	IVR AA/ Stable (IVR Double A with Stable outlook)	Reaffirmed with revision in outlook	Simple
Short Term – Commercial Paper Issue	350.00	IVR A1+ (IVR A One Plus)	IVR A1+ (IVR A One Plus)	Reaffirmed	Simple
Total		8,745.00 (Rupees Eight Thousand Seven Hundred Forty-Five Crore Only)			

Note: Mr. D R Dogra who is a Director at Infomerics Valuation and Rating Private Limited (Infomerics) is also on the Board of Capri Global Capital Limited as Independent Director.



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However, he did not participate in the rating exercise for this Company, including the rating decision.

Details of Facilities are in Annexure 1

Detailed Rationale

The rating reaffirmation to the various credit facilities of Capri Global Capital Limited (CGCL) continues to derive comfort from the experienced board of directors and management team, comfortable capitalisation with comfortable capital adequacy ratio (CAR) and leverage position, consistent improvement in overall financial profile, albeit improving asset quality indicators, broad network coupled with strong risk management systems and diversified product profile. However, ratings are constrained by average, geographical concentration especially in Construction Finance business and inherent risks associated with lending business.

The outlook has been revised from “Stable” to “Positive” on the back of expectations from Infomerics that the company will achieve significant growth in overall AUM, specifically in gold loan segment backed by strong capitalisation levels, increased branch network and co-lending tie-ups which is expected to result in improved profitability while maintaining stable asset quality.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained growth in its loan portfolio, while maintaining healthy asset quality, strong capitalization, and profitability.

Downward Factors

- Lower than expected growth in AUM and/or decline in liquidity and capitalization.
- Substantial increase in slippages/decrease in collection efficiency resulting in deterioration in asset quality NPAs.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Comfortable capital adequacy and leverage position

The overall CAR of the Company stood comfortably at 27.96% as on 31 December 2023 (39.86% as on 31 March 2023) which is well above the regulatory requirements, giving the company sufficient headroom to continue its growth path and expand its portfolio further. The company raised Rs 1,440 Crores during FY23 which helped the company to maintain comfortable capitalisation despite the growth in AUM. The overall gearing ratio stood comfortable at 1.61x for FY23 (FY21: 1.82x). Such adequate capitalization will help the company to sustain growth in the short-medium term.

Consistent improvement in overall financial profile

CGCL's financial profile has consistently improved in the last five years on the back of the growth witnessed in its AUM. AUM has increased from Rs 4,885.56 Crores in FY22 to Rs 7654.44 Crores in FY23 mainly on account of substantial growth in the gold loan segment. It has further grown to Rs 9,871.49 Crores in 9MFY24. On the back of which, the company has reported a PAT of Rs 141.54 Crores (Rs 161.88 Crore in FY22) over a total income of Rs 1,148.99 Crores in FY23 (Rs 765.55 Crores in FY22). This was mainly on account of increased operational expenditure on the back of a substantial increase in gold loan branches. Infomerics is of the opinion that profitability will continue to be muted given the branch expansion plans of the company. NIMs have decreased to 8.80% in FY23 when compared to 10.11% in FY22 due to an increase in the interest costs.

Average, albeit improving asset quality indicators:

The asset quality of the company has improved post COVID with GNPA improved to 1.93% in FY23 as compared 3.81% in FY21. Collection efficiency remains comfortable at ~99% for the last 12 months ending December 2023. However, in 9MFY24, the GNPA of the company has increased to 2.28% due to fresh slippages in construction finance portfolio. As per management CGCL's entire exposure to all its borrowers is adequately secured, which ensures minimum credit loss and CGCL has also taken necessary steps to reduce the



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overdues. The ability of the company to control incremental slippages and improve collection efficiency over the near term is a key monitorable.

Diversified product profile

CGCL has a diversified product profile/base of MSME loans, construction finance, indirect lending and gold loans. Indirect lending is financing to other NBFCs engaged in MSME Lending, Microfinance and fintech based NBFCs. CGCL has entered into corporate selling arrangements with commercial banks to distribute the banks' new car loan products for a fee consideration. This is an asset light model, and the current tie-ups are with 9 banks. Further, the Company has entered into co-lending tie-ups with State Bank of India, Union Bank of India, Punjab & Sind Bank and Central Bank of India for lending to MSME segment based on the co-lending mechanism announced by RBI. Through this collaboration, CGCL aims to disburse MSME loans pan-India. Moreover, the company is planning to further diversify and improve its revenue source in the near term.

Experienced Board of Directors and Management Team

CGCL's board of directors has qualified professionals with experience in varied fields such as Banking, Insurance, Capital Markets, and the Indian Administrative Service. It has a team of experienced personnel who have been associated with the company for a long period and heading different verticals relating to lending, Banking & Finance, Risk & Portfolio Management, etc. The support functions of Accounts, Finance and Secretarial Departments are also headed by seasoned professionals with vast experience in the lending business. The Company has an enterprising and professional management team which will enable them to scale up its operations, while managing the risks inherent in this type of business.

Broad network coupled with strong risk management systems.

CGCL has a wide network of over 908 branches in 13 state and UTs as on 31 December 2023 mainly across the North and Western states of India. CGCL has an employee strength of 7912 and is well positioned to sustain the growth in its portfolio. CGCL has adopted robust practices



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to build a strong risk management system supported by an efficient MIS platform for effective monitoring of its portfolio. It has a well-defined credit and operations policy in place. The credit underwriting policy ensures rigorous risk assessment with clear division of the sourcing and credit underwriting teams. Field investigation and risk containment units are strictly followed to reinforce the focus on risk mitigation. The collection and recovery teams are independent of the sourcing team to reduce the likelihood of any malpractice.

Key Rating Weaknesses

Geographical concentration, especially in its construction finance business:

CGCL's operations are regionally concentrated with top three states constituting ~80% of MSME portfolio as of Dec 2023, while top three cities accounted for ~66% of Construction Finance portfolio as of Dec 2023 and top three states constituting ~54% of gold loan as of Dec 2023 in Gold loan portfolio. The geographical concentration remains moderately high in CF segment. The company is of the opinion that the geographical concentration in CF is largely due to concentration of real estate advances in these pockets and it rather helps them in better control over the market, monitoring and recovery. In case of gold loan portfolio, since the product was launched in August 2022 and is in expansion mode, the concentration is high. As the company expands its presence, the issue of geographical concentration is expected to be addressed gradually.

Analytical Approach: Standalone

Applicable Criteria:

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

[Criteria of assigning Rating Outlook](#)

[Policy on Withdrawal of Ratings](#)

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

[Policy on Default Recognition](#)



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Liquidity: Strong

CGCL has maintained strong liquidity with well-matched asset liability position across both short term (up to one year) and long term (greater than one year) tenure buckets. Liquidity comfort is also marked by adequate liquid assets (including cash/bank balances and investments) amounting to ~ Rs 811.51 Crore (includes cash/bank balances of Rs 587.95 Crore and Liquid Investments amount to Rs 223.56 Crore) as on December 31, 2023. Average fund based working capital utilization is less than 10% for the last twelve months ended December 2023. It also has a sufficient cushion in the form of undrawn limits of its working capital limits (~Rs 55 Crore) and undrawn term loan limits of Rs 450.00 Crores as on December 31, 2023.

About CGCL

Incorporated in 2011, CGCL is a Non-Deposit Taking – Systemically Important NBFC providing MSME loans, construction finance, indirect lending and gold loans. CGCL is promoted by Mr. Rajesh Sharma, who is also the Managing Director of the company. CGCL has a subsidiary Capri Global Housing Finance Limited (CGHFL). CGCL's equity is listed on BSE and NSE with the promoter and promoter group holding 69.89 percent as on 31 December 2023.

Financials (Standalone)*:

Rs in Crores

For the year ended/As on*	31-03-2022	31-03-2023
	(Audited)	(Audited)
Total Income	765.55	1,148.99
PAT	161.88	141.54
Assets Under Management	4,770.11	7,654.44
Tangible Networth	1,786.18	3,357.76
Total debt	3,351.42	5,394.16
Overall Gearing (Times)	1.88	1.61



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Total CRAR (%)	29.39	39.86
Gross NPA (%)	2.72	1.93
Net NPA (%)	1.91	1.38

***Classification as per Infomerics' standards**

Status of non-cooperation with previous CRA: Not applicable

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 – (31 March 2023)	& Rating(s) assigned in 2022-23 – (1 Feb 2023)	Date(s) & Rating(s) assigned in 2021-22 (21 March 2022)	Date(s) & Rating(s) assigned in 2020-21 (Feb 05, 2021)
1.	Non-Convertible Debentures	Long Term	150.00	IVR AA/Positive	IVR AA/Stable	IVR AA/Stable	IVR AA/Stable	IVR AA/CWDI
2.	Proposed Non-Convertible Debentures	Long Term	150.00	IVR AA/Positive	IVR AA/Stable	IVR AA/Stable	IVR AA/Stable	IVR AA/CWDI
3.	Bank Loan Facilities – Term Loans	Long Term	6946.76	IVR AA/Positive	IVR AA/Stable	IVR AA/Stable	IVR AA/Stable	IVR AA/CWDI
4.	Bank Loan Facilities – Working Capital Facilities	Long Term	505.00	IVR AA/Positive	IVR AA/Stable	IVR AA/Stable	IVR AA/Stable	IVR AA/CWDI
5.	Bank Loan Facilities – Proposed	Long Term	643.24	IVR AA/Positive	IVR AA/Stable	IVR AA/Stable	IVR AA/Stable	IVR AA/CWDI
6.	Commercial Paper Programme	Short Term	350	IVR A1+	IVR A1+	IVR A1+	IVR A1+	IVR A1+

Name and Contact Details of the Rating Director:



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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).

Adhering to the 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 visit 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.



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Annexure 1: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate	Tenor/ Maturity	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Non-Convertible Debentures (NCD)	INE180C07072	9-Aug-2019	10.23%	9-Aug-2029	150.00	IVR AA/ Positive
Proposed Non-Convertible Debentures (NCD)	-	-	-	-	150.00	IVR AA/ Positive
Long Term Fund Based Facility – Term Loan	-	-	-	Up to October 2030	6,946.76	IVR AA/ Positive
Long Term Fund Based Facility – Proposed Term Loan	-	-	-	-	643.24	IVR AA/ Positive
Long Term Fund Based Facility – Working Capital Facilities	-	-	-	Revolving	505.00	IVR AA/ Positive
Commercial Paper Issue	-	-	-	-	350.00	IVR A1+

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender

<https://www.infomerics.com/admin/prfiles/len-CapriGlobal-26mar24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:

NCD issue of Rs.150.00 crore

ISIN	INE180C07072
Issue	Secured, Rated, Listed and Redeemable Non-Convertible Debentures
Nature of Instrument	Secured
Debenture Trustee	Catalyst Trusteeship Limited
Participation Amount	INR150.00 crore
Purpose	Used for various finance activities
Tenor	10 years



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Principal Repayment	Bullet Repayment at the end of the tenure
Security Summary	The Company shall maintain security cover of 1.25x of the entire redemption amount throughout the tenure of NCD
Coupon %	10.23%
Coupon Payment Frequency	Quarterly and at Maturity
Date of Allotment	9-Aug-19
Redemption	9-Aug-29
Covenants	
Financial Covenants	<p>Default in payment In case of default in payment of principal redemption on the due dates, penal interest of at least @2% p.a. will be payable by the Issuer for the defaulting period on the defaulted amount.</p> <p>Security Creation In case of delay of security creation beyond 60 days from the date of closure of Issue, the Company shall either refund the subscription amount along with interest at coupon rate or shall pay penal interest of at 2% p.a. over the coupon rate for period of delay in creation of security beyond 60 days from date of closure of the Issue.</p>
Non- Financial Covenants	<p>General On the happening of any of the event of default, in addition to the rights specified above, the debenture holders / debenture trustee shall have the right as indicated in the SEBI Regulations / Companies Act, 2013 from time to time.</p>

Term sheet for the proposed NCDs – Rs 150.00 crore.

ISIN	Not available (proposed)
Issuer	Capri Global Capital Limited
Issue	Non-Convertible Debentures (NCDs)
Mode of placement	Public issue/Private placement
Issue size	Up to Rs 500.00 crore
Tenure	Up to 5 years
Issue date	To be decided
Maturity date	To be decided
Listing status	To be listed
Coupon (%)	To be decided
Security	NCDs are proposed to have charge by way of hypothecation of standard receivables, including loan book, unencumbered cash and bank balance, investments made by Capri Global Capital Ltd in mutual funds, term deposits with banks, etc.



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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.

