



Press Release

Capital India Finance Limited

October 22, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Fund Based Long Term Loans – Term Loans	617.09 (Increased from 531.78)	IVR A/Stable (IVR Single A with stable outlook)	IVR A/Stable (IVR Single A with stable outlook)	Rating reaffirmed	Simple
Fund Based Long Term Loans – Proposed Term Loans	257.91 (Reduced from 343.22)	IVR A/Stable (IVR Single A with stable outlook)	IVR A/Stable (IVR Single A with stable outlook)	Rating reaffirmed	Simple
Fund Based Working Capital Facilities – Cash Credit	25.00	IVR A/Stable (IVR Single A with stable outlook)	IVR A/Stable (IVR Single A with stable outlook)	Rating reaffirmed	Simple
Non-Convertible Debentures (NCDs) – INE345H07054	50.00	IVR A/Stable (IVR Single A with stable outlook)	IVR A/Stable (IVR Single A with stable outlook)	Rating reaffirmed	Simple
Proposed Non-Convertible Debentures (NCDs)	50.00	IVR A/Stable (IVR Single A with stable outlook)	IVR A/Stable (IVR Single A with stable outlook)	Rating reaffirmed	Simple
Total	1000.00 (Rupees One Thousand crore only)				

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

As of September 30, 2025, Capital India Finance Limited (CIFL) has secured fresh sanctions of term loan of Rs 165.00 crore from Indian Overseas Bank, Karur Vysya Bank and RBL Bank raised out of proposed Term Loans of Rs 343.22 crore rated by Infomerics. Further, there has been a reduction in outstanding term loans on account of periodic repayments. Accordingly, the proposed and outstanding limits/instruments have been reclassified as per the company's request.



Press Release

Infomerics reaffirms its ratings assigned to the bank loan facilities and NCDs of CIFL as it continues to derive comfort from the comfortable capitalisation levels, sustained growth in AUM levels, diversified revenue streams and experienced promoters and management. However, the rating strengths are partially offset by average asset quality and inherent risks associated with MSME lending coupled with intense competition.

Infomerics has assigned “Stable” outlook on the expectation of growth in overall financial profile of the company in the near to medium term given the comfortable capitalisation and established track record of the company.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained growth in scale of operations while maintaining comfortable capitalisation, healthy asset quality, liquidity and profitability.

Downward Factors

- Substantial decline in scale of operations, capitalisation levels, profitability and asset quality from the current levels.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Comfortable capitalisation levels

CIFLs capitalisation remains comfortable with total Capital to Risk-Weighted Assets Ratio (CRAR) of 36.63% as on 31 December 2024 (36.58% in FY24 (period refers from 01st April 2023 to 31st March 2024)) as against the minimum regulatory requirement of 15%. CIFL has strong net worth of Rs 618.69 crore and low gearing of 1.03x as on 31 December 2024. In August 2025, CIFL concluded sale of entire stake in its subsidiary, Capital India Home Loans Limited (CIHL) and received a consideration of Rs.267 crore, which further improved its capital adequacy ratio.

Sustained growth in MSME AUM



Press Release

CIFLs MSME AUM has witnessed a sustained growth in last three years on the back of change in business model. Prior to FY20, CIFL was majorly focusing on wholesale lending and given the risks associated with wholesale/corporate lending, the company changed its business model and forayed into “MSME” segment. Due to which, the proportion of wholesale/corporate loans (Real estate, business loans and other loans to NBFCs/HFCs) reduced to 9% of total AUM in 9MFY25 from 93% of total AUM in FY20. Given the rebalancing of portfolio towards MSME segment, the AUM growth was stagnant in the last 3 years and currently stands at Rs 922.19 crore as on 31 December 2024 (Rs 913.04 crore in FY24).

Diversified revenue stream and strong earning profile

Capital India Finance Ltd (CIFL) is a non-deposit taking middle-layer non-banking financial company (NBFC) registered with the Reserve Bank of India and holds AD-II license from RBI for money changing business. CIFL has two revenue sources, income from lending activity and income from forex services. During 9MFY25, Income from lending operations stood at ~87% and income from forex services stood at ~13%.

CIFLs earnings profile has consistently improved in the last three years with total income increasing from Rs 122.76 crore in FY22 to Rs 194.66 crore in FY24. The increase is majorly on account of sustainable increase of income from lending business and income from forex services. Profitability of the company remains stable with Net Interest Margin (NIM) of 6.38% for FY24 (6.29% in FY23). Infomerics expects that the earnings profile of the company to improve substantially in the projected period given the strong capitalisation and further expected capital inflows from stake sale in subsidiary.

Experienced promoters and management

Capital Group is promoted by Mr. Sumit K Narwar, a first-generation entrepreneur, who has mentored and built businesses in Fintech and Financial services space. He currently serves as the Chairman of Capital India Corp Private Limited (CICPL), which holds around 73% stake in CIFL. CICPL is a core investment company registered with RBI and is the promoter entity of Capital India Finance Limited (CIFL) an NBFC, Capital India Home Loans Ltd (CIHL), an HFC and RapiPay Fintech Pvt Ltd (PPI license from RBI and Neo Bank). CIFL is led by Mr. Keshav Porwal (Managing Director) and Mr. Pinank Shah (CEO), each having an experience of more than two decades in financial services.



Press Release

Key Rating Weaknesses

Average Asset quality

Given the strategic decision of the management to shift from wholesale lending to MSME lending post 2020, the MSME loan book which was built in last 3-4 years constituting to ~82% of AUM remains unseasoned. Hence, till FY23, GNPA levels were negligible and once the portfolio started seasoning the GNPA levels increased in FY24 and then moderated in 9MFY25 coupled with fresh slippages from unsecured loan book (~15% of AUM), the asset quality deteriorated with GNPA and NNPA increasing to 1.80% and 0.82% respectively in FY24. However, the asset quality is expected to further moderate with seasoning of portfolio as reflected in GNPA and NNPA numbers for 9MFY25 which stood at 1.86% and 0.93% respectively.

Going forward, the ability of the company to improve and maintain healthy asset quality amidst growing AUM levels will be a key rating monitorable.

Inherent risks associated with MSME lending coupled with intense competition

CIFL majorly caters to the MSME segment, which is highly vulnerable to downward economic cycles given the low cash flow buffers. Further, the entire ~82% of AUM represents MSME loans, with ~17% of loans falling under 1-90 buckets. The MSME industry is vulnerable to lower economic growth, macro-economic conditions and operational risks, which could adversely impact the company's operations and thus its financial position. CIFL also faces severe competition by other NBFCs and Banks.

Analytical Approach: Standalone

Applicable Criteria:

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

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

[Criteria of assigning Rating Outlook.](#)

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

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



Press Release

Liquidity – Adequate

CIFL has adequate liquidity with tangible Networth of Rs 618.69 crores and gearing of 1.03 as on 31 December 2024. It also had cash and cash equivalents of Rs 176.62 crore and undrawn bank limits of Rs 50.00 crore and adequately matched ALM profile with no negative cumulative mismatches across various buckets as on 31 December 2024. Infomerics notes that liquidity position has further improved post receipt of Rs.267 crore through sale of its subsidiary.

About the Company

CIFL is a BSE listed middle layer non deposit taking non-banking financial company (NBFC) registered with the Reserve Bank of India. CIFL also holds AD-II license from RBI and provides forex services. CIFL has two business verticals, one is lending business, and the other is forex services. The lending operations are carried out through 29 branches across 7 states, and the forex business is done separately through 39 dedicated branches. Forex business is done under the brand name “RemitX”

Financials (Standalone):

	(Rs. crore)	
For the year ended* / As on	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	163.43	194.66
PAT	15.05	20.10
Tangible Net worth	584.84	606.10
AUM	920.70	913.04
<u>Ratios</u>		
NIM (%)	6.29	6.38
ROTA (%)	1.23	1.66
Interest Coverage (times)	1.32	1.38
Total CRAR (%)	35.92	36.58
Gross NPA [Stage III] (%)	0.71	1.80
Net NPA [Stage III] (%)	0.34	0.82

** Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Nil

Any other information: None



Press Release

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2025-26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
						20 March 2025	-
1.	Term Loans	Long Term	617.09	IVR A/Stable	IVR A/ Stable (09 September 2025) IVR A/ Stable (18 April 2025)	IVR A/ Stable	-
2.	Proposed Term Loans	Long Term	257.91	IVR A/Stable	IVR A/ Stable (09 September 2025) IVR A/ Stable (18 April 2025)	IVR A/ Stable	-
3.	Cash Credit	Long Term	25.00	IVR A/Stable	IVR A/ Stable (09 September 2025) IVR A/ Stable (18 April 2025)	IVR A/ Stable	-
4.	Non-Convertible Debentures (NCDs) –	Long Term	50.00	IVR A/Stable	IVR A/ Stable	-	-



Press Release

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		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
	INE345H07054				(09 September 2025) IVR A/ Stable (18 April 2025)		
5.	Proposed NCDs	Long Term	50.00	IVR A/Stable	IVR A/ Stable (09 September 2025) IVR A/ Stable (18 April 2025)	IVR A/ Stable	-

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About Infomerics:

Infomerics Valuation and Rating 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 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



Press Release

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.

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Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Listing status	Rating Assigned/ Outlook
Proposed NCDs	-	-	TBD	-	50.00	Proposed to be listed	IVR A/Stable
Term Loans	-	-	-	Up to Oct 2030	617.09	NA	IVR A/Stable
Non-Convertible Debentures (NCDs)	INE34 5H070 54	July 28, 2025	9.55%	July 28, 2028	50.00	Listed	IVR A/Stable
Proposed Term Loans	-	-	-	-	257.91	NA	IVR A/Stable
Cash Credit	-	-	-	Revolving	25.00	NA	IVR A/Stable



Press Release

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-capital-finance-oct25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

Indicative term sheet for the proposed NCDs of Rs 50.00 crore

Issuer	Capital India Finance Limited
Issue Size	Up to 50 crores
Type of Instrument	Secured/Unsecured, Redeemable, Non-Convertible, Rated, Listed Debentures
Coupon Rate	TBD
Objects of the Issue	The proceeds of this Issue shall be utilised for the following purposes: • General Corporate purposes • For the ordinary course of business of the Issuer including repayment/ re-financing of existing debt • Onward lending
Security	Unsecured or Secured by a <i>pari passu</i> charge created by way of hypothecation over the Standard loans Receivables with stipulated security cover under trusteeship arrangement.
Tenor	Up to 60 months
Other Covenants	As stipulated as per issuance terms

Term sheet for the Long Term NCD of Rs 50.00 crore

Issuer	Capital India Finance Limited
Type of Instrument	Senior, Secured, Rated, Listed, Taxable, Redeemable, Transferable, Non-Convertible Debentures. ["NCDs" or "Debentures"]
Issue Size	INR 50.00 crores
Object of the Issue	Onward lending, Refinancing/repayment of existing debt, and for the Working Capital Requirements of the Issuer.



Press Release

Coupon Rate	9.55% per annum, payable annually.
Coupon Type	Fixed
ISIN	INE345H07054
Tenor	3 years
Issue date	July 28, 2025
Maturity	July 28, 2028.
Financial covenant	• Total Debt to Net Worth Ratio: The ratio of Total Debt to Net Worth shall not exceed 3.50x. • Capital Adequacy: The Issuer shall maintain a Capital Adequacy Ratio of at least 20% (or a higher threshold as prescribed by the RBI). • Net NPA to Gross Loan Portfolio: The ratio of Net NPA to the Gross loan portfolio shall not exceed 3.50%. • Net Worth: The Issuer shall maintain a minimum Net Worth of at least ₹ 575,00,00,000 (Indian Rupees Five Hundred and Seventy-Five Crores Only). • Single Borrower Exposure: The credit exposure to single borrowers must be as per applicable RBI norms. • Structural Liquidity: The net cumulative negative mismatch in the statement of structural liquidity in the maturity buckets of 1-7 days, 8-14 days and 15-30 days shall be as per RBI norms.
Rating Covenants	The Issuer shall maintain the below mentioned covenants during the entire tenor and until the Debentures are being duly redeemed: • The Issuer shall ensure that there is no suspension of the credit rating of the Debentures or the Issuer by any credit rating agency. However, withdrawal of the rating by the Debentures or the Issuer shall not to be construed as suspension of the rating. • The Issuer shall ensure that it shall maintain atleast the current credit rating of the Debentures or the Company as on the Deemed Date of Allotment, from any credit rating agency.



Press Release

Coupon Step Up Provision	• If the credit rating of the Issuer's bank facilities or other instruments is downgraded by 2 notches below the rating of 'IVR A (Stable)' to IVR BBB+, the Coupon Rate shall be increased by 0.25% (zero decimal twenty five percent) for each downgrade of 1 (one) notch ("Step Up Rate"), and such increased Coupon Rate with effect from the date of such downgrade. Step Up, in accordance with this sub-paragraph (i) shall not require any notice, intimation or action on behalf of the Debenture Trustee or the Debenture Holders. • Following the Step Up, until the rating of the Issuer's bank facilities or other instruments is restored to the rating of 'IVR A (Stable)', if the rating of the Debentures is upgraded, the prevailing Step Up Rate shall be decreased by 0.25% (zero decimal twenty five percent) for each upgrade of 1 (one) notch from the rating of the Issuer's bank facilities or other instruments (until the rating of the Issuer's bank facilities or other instruments is restored to the rating of 'IVR A (Stable)') and such decreased rate of interest shall be applicable with effect from the date of such upgrade. PROVIDED THAT the decreased rate of interest in accordance with this sub-clause (ii) cannot, in any case, be lower than the Coupon Rate. The decrease in the rate of interest in accordance with this sub-paragraph (ii) shall not require any notice, intimation or action on behalf of the Debenture Trustee or the Debenture Holders. • It is clarified that, if following the Step Up of the Issuer's bank facilities or other instruments, the rating of the Issuer's bank facilities or other instruments is restored to the rating of 'IVR A (Stable)', then the interest shall be payable at the Coupon Rate, from the date that the rating of the Issuer's bank facilities or other instruments is restored to the rating of 'IVR A (Stable)'. • Where the Issuer has obtained a rating in relation to the Debentures from more than one rating agency, the lowest rating issued by the rating agencies in relation to the Debentures shall be considered for the purpose of increase in the Step Up of the Debentures.
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Annexure 4: List of companies considered for consolidated/Combined 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.