



Press Release

Capital India Finance Limited

March 18, 2026

Ratings

| Instrument / Facility | Amount (Rs. crore) | Current Ratings | Previous Ratings | Rating Action | Complexity Indicator |
|---|--|--|--|---|------------------------|
| Fund-Based Long-Term Loans – Term Loans | 685.22 (Increased from 617.09) | IVR A/Negative (IVR Single A with negative outlook) | IVR A/Stable (IVR Single A with stable outlook) | Rating reaffirmed and outlook revised from Stable to Negative | Simple |
| Fund Based Long Term Loans – Proposed Term Loans | 179.78 (Reduced from 257.91) | IVR A/Negative (IVR Single A with negative outlook) | IVR A/Stable (IVR Single A with stable outlook) | Rating reaffirmed and outlook revised from Stable to Negative | Simple |
| Fund-Based Working Capital Facilities – Cash Credit | 35.00 (Increased from 25.00) | IVR A/Negative (IVR Single A with negative outlook) | IVR A/Stable (IVR Single A with stable outlook) | Rating reaffirmed and outlook revised from Stable to Negative | Simple |
| Non-Convertible Debentures (NCDs) – INE345H07054 | 50.00 | IVR A/Negative (IVR Single A with negative outlook) | IVR A/Stable (IVR Single A with stable outlook) | Rating reaffirmed and outlook revised from Stable to Negative | Simple |
| Proposed Non-Convertible Debentures (NCDs) | 50.00 | IVR A/Negative (IVR Single A with negative outlook) | IVR A/Stable (IVR Single A with stable outlook) | Rating reaffirmed and outlook revised from Stable to Negative | Simple |
| Total | 1,000.00 (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.



Press Release

Detailed Rationale

Infomerics has revised Capital India Finance Limited's (CIFL) Outlook to Negative from Stable while reaffirming the ratings assigned to bank loan facilities and NCDs. The Negative Outlook reflects higher write-off / slippages during 9MFY26, with higher overdues as on 31 December 2025. Negative Outlook also reflects, losses in the company's Forex Remittance business, higher cost-to-income ratio, which is expected to exert pressure on profitability. The impact on profitability is due to losses in forex business and the company's strategy of expansion in current year, resulting in increased overheads and manpower cost. The outlook also factors in the uncertainty surrounding the pace of improvement in asset quality.

The ratings continue to derive comfort from the comfortable capitalisation levels, sustained growth in AUM levels, and experienced promoters and management. However, the rating strengths are partially offset by a decline in asset quality and inherent risks associated with MSME lending, coupled with intense competition.

Key Rating Sensitivities:

Upward Factors

- Demonstrated recovery from NPA/written off accounts / along with Improvement in asset quality while maintaining the comfortable capitalization levels.

Downward Factors

- Inability to recover from written off loans and/or improve asset quality, further slippages and/or continued pressure on profitability

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Comfortable capitalisation levels

CIFL's capitalization profile remains comfortable, with a capital adequacy ratio of 45.88% as on December 31, 2025 (9MFY26), compared to 36.08% as on March 31, 2025 (FY25). The company's net worth improved to ~Rs. 664.65 crore as on December 31, 2025, from Rs. 620.97 crore as on March 31, 2025, despite write-offs amounting to Rs. ~50.24 crore during 9MFY26. The net worth continues to be supported from gain of Rs. 98 crores from the sale of its subsidiary, Capital India Home Loans Limited. Going forward, CIFL's ability to maintain a



Press Release

comfortable capitalization profile while supporting sustained growth in its AUM will remain a key monitorable.

Sustained AUM growth

CIFL's on-book AUM has shown a steady growth over the last few years, increasing from 876 crores as on March 31, 2024 to Rs. 916 crores as on March 31, 2025 and further to Rs. 1064 crores as on December 31, 2025 registering an annualized growth of ~ 12% between March 24 and December 25. The growth in AUM has been driven by higher disbursements, supported by an expansion in its branch network. The company increased its branch count to 45 as on December 31, 2025 from 29 as on March 31, 2025, with additions primarily in its existing geographies. The said growth in AUM has resulted in growth in Interest Income. CIFL has maintained its yield on loan book during last one year along with reduction in Cost of borrowings.

CIFL has also recalibrated its portfolio mix by reducing its exposure to the wholesale and education loan segments. Going forward, the company intends to focus on scaling up its MSME loan portfolio.

Diversified Business Segments

CIFL AUM profile remains diversified, with total AUM rising from Rs 1,004.5 crore in FY25 to Rs 1,145.3 crore in 9MFY26, driven primarily by growth in the MSME segment, which increased from Rs 731.8 crore (72.85%) in FY25 to Rs 787.6 crore (68.77%) in 9MFY26, MSME Digital loans, which increased from Rs 81.7 crore (8.13%) to Rs 180.4 crore (15.76%). The education loan book continued to run down, declining from Rs 82.1 crore (8.17%) in FY25 to Rs 59.6 crore (5.20%) in 9MFY26, while exposure to NBFC/HFC reduced further from Rs 19.8 crore (1.97%) to Rs 13.0 crore (1.14%). Real estate loans were Rs 89.9 crore (7.85%). Overall, the AUM mix shows continued strengthening of the core MSME segment and increased granularity, alongside the systematic reduction of non-core segments.

Experienced promoters and management



Press Release

Capital India 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. Pvt. Ltd. (CIC). CIC is the promoter entity of Capital India Finance Limited (CIFL) an NBFC 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.

Key Rating Weaknesses

Weak Asset Quality

CIFL's asset quality profile weakened during 9MFY26, with higher slippages observed in the MSME portfolio. The Gross Non-Performing Asset (GNPA) ratio deteriorated to 2.44% as on 9MFY26 from 1.83% as FY25, while the Net Non-Performing Asset (NNPA) ratio stood at 1.39% as on 9MFY26 compared to 0.98% FY25.

GNPA as on December 31, 2025 stood at Rs. ~25.94 crore, with total overdues (1+ DPD) of around ~Rs. 175 crores as on December 31, 2025. The company reported recoveries of ~Rs. 3 crores during Q4 FY2026 (till date). Further, the collection efficiency moderated, with the average collection efficiency for the twelve months ended December 2025 at ~83%.

Going forward, CIFL's ability to recover from written off accounts, control fresh slippages and improve its asset quality over the medium term will remain a key monitorable.

Moderate Profitability:

CIFL's profitability remained moderate, with a PAT of Rs. 37.39 crore during 9MFY26 (FY25: Rs. 11.78 crore), impacted by an elevated cost-to-income ratio due to branch expansion, losses in Forex Remittance business and write-offs aggregating Rs. 50 crore including two large accounts. However, profitability was supported by a one-time exceptional gain of Rs. 97 crore from the sale of its subsidiary, Capital India Home Loans Limited (CIHL).

The company's return on total assets (RoTA) declined to 0.95% in FY25 from 1.66% in FY24, reflecting the pressure on earnings. Going forward, CIFL's ability to improve operating efficiency while scaling up its loan book will remain a key monitorable.

Inherent risks associated with MSME lending coupled with intense competition



Press Release

CIFL majorly caters to the MSME segment, which is highly vulnerable to downward economic cycles given the low cash flow buffers. Further, the ~68% of AUM represents MSME loans, with ~15% of loans falling under 1-90 buckets. The MSME industry is prone to socio-political and operational risks, which could negatively impact the company's operations and thus its financial position as seen during the pandemic coupled with severe competition by other NBFCs and Banks.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Financial Institutions/NBFCs](#)

[Criteria on assigning rating outlook](#)

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

[Complexity Level of Rated Instruments/Facilities](#)

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

Liquidity – Adequate

CIFL has adequate liquidity with tangible net worth of Rs 656.69 crore and gearing of ~1.14x as on 31 December 2025. It also had cash and cash equivalents of ~Rs 62 crore, liquid investments of ~Rs 202 crore, unencumbered fixed deposits of ~Rs 38 crore and undrawn bank limits of ~Rs 104 crore and adequately matched ALM profile with no negative cumulative mismatches across various buckets as on Dec 31, 2025.

About the Company

CIFL is a NSE & 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 45 branches across 9 states, and the forex business is done separately through 39 dedicated branches. Forex business is done under the brand name "RemitX"



Press Release

Financials (Standalone):

(Rs. crore)

| For the year ended* / As on | 31-03-2024 | 31-03-2025 |
|-----------------------------|------------|------------|
| | Audited | Audited |
| Total Operating Income | 194.66 | 184.45 |
| PAT | 20.10 | 11.78 |
| Tangible Net worth | 606.10 | 620.97 |
| AUM | 935.15 | 1004.52 |
| Ratios | | |
| NIM (%) | 6.38 | 7.15 |
| ROTA (%) | 1.66 | 0.95 |
| Interest Coverage (times) | 1.38 | 1.18 |
| Total CRAR (%) | 36.58 | 36.08 |
| Gross NPA [Stage III] (%) | 1.80 | 1.83 |
| Net NPA [Stage III] (%) | 0.82 | 0.98 |

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: None

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 | 685.22 | IVR A/Negative | IVR A/ Stable (22 October 2025) | IVR A/ Stable | - |
| | | | | | IVR A/ Stable (09 September 2025) | | |
| | | | | | IVR A/ Stable (18 April 2025) | | |



Press Release

| 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 |
| 2. | Proposed Term Loans | Long Term | 179.78 | IVR A/Negative | IVR A/ Stable (22 October 2025) IVR A/ Stable (09 September 2025) IVR A/ Stable (18 April 2025) | IVR A/ Stable | - |
| 3. | Cash Credit | Long Term | 35.00 | IVR A/Negative | IVR A/ Stable (22 October 2025) IVR A/ Stable (09 September 2025) IVR A/ Stable (18 April 2025) | IVR A/ Stable | - |
| 4. | Non-Convertible Debentures (NCDs) – INE345H07 054 | Long Term | 50.00 | IVR A/Negative | IVR A/ Stable (22 October 2025) | - | - |



Press Release

| 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 |
| | | | | | IVR A/ Stable (09 September 2025) IVR A/ Stable (18 April 2025) | | |
| 5. | Proposed NCDs | Long Term | 50.00 | IVR A/Negative | IVR A/ Stable (22 October 2025) 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



Press Release

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 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/Negative |
| Term Loans | - | - | - | Up to March 2031 | 685.22 | NA | IVR A/Negative |



Press Release

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|-----------------------------------|--------------|---------------|-------|---------------|--------|--------|----------------|
| Non-Convertible Debentures (NCDs) | INE345H07054 | July 28, 2025 | 9.55% | July 28, 2028 | 50.00 | Listed | IVR A/Negative |
| Proposed Term Loans | - | - | - | - | 179.78 | NA | IVR A/Negative |
| Cash Credit | - | - | - | Revolving | 35.00 | NA | IVR A/Negative |

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/Len_Capital_India_Finance_18mar26_78ac110979.pdf

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

Term sheet for the Long Term NCD of Rs 50.00 crore

| Term sheet for NCD | ISIN INE345H07054 |
|----------------------------|---|
| Security Name | Long Term NCD (9.55% Capital India July 2028) |
| 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. |
| 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. |



Press Release

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|---------------------------------|---|
| Financial covenant | <ul style="list-style-type: none">• 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 Rs 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 | <p>The Issuer shall maintain the below mentioned covenants during the entire tenor and until the Debentures are being duly redeemed:</p> <ul style="list-style-type: none">• 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. |
| Coupon Step Up Provision | <ul style="list-style-type: none">• 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. |



Press Release

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| | <ul style="list-style-type: none">• 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. |
|--|---|

Indicative term sheet for the proposed NCDs of Rs 50.00 crore

| | |
|----------------------|---|
| Issuer | Capital India Finance Limited |
| Issue Size | 50 Crores |
| Type of Instrument | Unsecured / Secured, Listed / Non Listed, Rated / Unrated, Senior, Redeemable, Taxable, Transferable, Non-Convertible Debentures |
| Coupon Rate | TBD |
| Objects Of the Issue | The proceeds of the issue will be utilized for the following purposes: Onward Lending / refinancing / repayment of existing financial indebtedness / working capital requirement of the Issuer |
| Security and cover | Unsecured / First ranking pari-passu on loan receivables with security cover |
| Tenor | TBD |

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.