

Capital India Finance Limited

August 27, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 900.00 Crore	Regulator[^]
Long Term Rating	IVR A/Negative (Rating Reaffirmed)	RBI
[^] Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Instrument	Amount (Rs. crore)	Ratings	Rating Action	Regulator^
NCDs	50.00	IVR A/Negative	Rating Reaffirmed	SEBI
Proposed NCDs	50.00	IVR A/Negative	Rating Reaffirmed	SEBI
Total	100.00 (Rupees Hundred Crore Only)			
^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.				

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

Infomerics has reaffirmed its 'IVR A' rating on the bank facilities and Non-Convertible Debentures (NCDs) of Capital India Finance Limited (CIFL), while continuing the Negative Outlook.

The rating continues to derive comfort from CIFL's comfortable capitalisation levels, sustained growth in Assets Under Management (AUM), improvement in operational performance, experienced promoters and management, and a diversified secured MSME loans/Loan Against Property (LAP) focused lending model. However, these rating strengths continue to be partially offset by the decline in asset quality, moderate profitability, losses in forex business on standalone level, inherent risks associated with MSME lending, and intense competition from banks and other NBFCs.

Outlook: Negative

The Negative Outlook reflects the continued vulnerability of the company's asset quality profile, as evidenced by the elevated slippages, write-offs and delinquency levels observed during FY26 and the uncertainty surrounding the seasoning behaviour of its rapidly growing MSME portfolio. While the company undertook a significant balance-sheet clean-up during FY26 and demonstrated improvement in operating performance, the sustainability of asset quality improvement remains to be established. The outlook also factors in the pressure on earnings arising from elevated credit costs and the impact of investments made towards branch expansion,

distribution infrastructure and manpower augmentation. Although profitability, funding access, liquidity and capitalization metrics have strengthened during FY26 and Q1FY27. Going forward, CIFL's ability to contain fresh slippages, improve recoveries from stressed and written-off accounts, maintain collection efficiency and generate consistent profitability from its core lending operations while sustaining growth will remain the key rating monitorables.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	None

Key Rating Drivers with Detailed Description

Strengths

- **Comfortable capitalisation levels**

CIFL's capitalization profile remains comfortable, with a capital adequacy ratio of 40.99% as on March 31, 2026 (FY2026), compared to 36.08% as on March 31, 2025 (FY2025). The company's Net worth improved to Rs. 669.32 crore in FY2026 from Rs. 621.54 crore in FY2025, despite net write-offs amounting to Rs. ~32.71 crore during FY26 however supported by gain from the sale of its subsidiary, Capital India Home Loans Limited during FY2026. The net worth further improved to Rs. 674.06 crore in Q1 FY2027. Going forward, CIFL's ability to sustain its capitalisation buffers would be contingent on the pace of recurring earnings accretion, even as gearing has trended upward but still remains at comfortable levels (1.06x in FY2025 to 1.39x in FY2026; 1.26x in Q1 FY2027). , CIFL's ability to optimize its capitalisation level will remain a key monitorable.

- **Sustained growth in AUM with a sharper focus on core MSME lending**

CIFL's AUM growth accelerated to ~22% YoY to Rs. 1,227.37 crore as on March 31, 2026, supported by strong disbursement growth, branch expansion, and enhanced origination capabilities.. The company expanded its branch network to 46 from 29 branches and significantly strengthened its field and credit officer base, improving customer reach and sourcing capabilities. The portfolio continues to witness a gradual shift towards the company's core secured MSME Loan/LAP and MSME-Digital segments, while exposure to education, real estate, and NBFC/HFC segments has been progressively reduced, resulting in improved portfolio granularity and alignment with its core lending strategy. However, the growth in the portfolio over the past two years has seasoning-related risks, . Going

forward, the company's ability to sustain growth while maintaining underwriting discipline, improving collection efficiency, containing fresh slippages, and demonstrating stability in asset quality metrics will remain critical from a credit perspective.

- **Improving operating performance supported by scale-up benefits and operating leverage**

CIFL's operating performance improved during FY2026, supported by growth in its lending business, improving margins and benefits accruing from investments made towards branch expansion and distribution capabilities. PPoP increased to Rs. 81.32 crore in FY2026 from Rs. 16.93 crore in FY2025, driven by higher interest income, improvement in average yield to 15.28% and reduction in average borrowing costs, resulting in NIM of 10.21% in FY2026 and 11.49% for Q1 FY2027. The improvement in operating metrics was supported by an increase in business scale, with AUM growing by 22% YoY and disbursements increasing by 62% during FY2026. Additionally, the branch network expansion undertaken over the last two years is gradually translating into improved productivity and operating leverage. The momentum continued into Q1FY2027, with standalone profitability remaining positive and earnings improving sequentially over Q4FY2026, reflecting the improving absorption of operating costs across a larger asset base. Going forward, CIFL's ability to sustain margin expansion, maintain operating efficiency and generate stable profitability while preserving asset quality will remain a key monitorable.

- **Experienced management team**

CIFL benefits from the extensive experience of its promoters and senior management team. The company is promoted by Mr. Sumit K. Narwar, a first-generation entrepreneur with a proven track record in building businesses across the financial services and fintech sectors. The day-to-day operations are led by an experienced management team headed by Mr. Keshav Porwal (Managing Director) and Mr. Pinank Shah (CEO), both of whom possess over two decades of experience in the financial services industry. During FY2026, the governance and leadership framework was further strengthened with the induction of Mr. Surender Rana, former Deputy Managing Director of State Bank of India, as Executive Vice Chairman. His extensive banking and credit experience is expected to enhance the company's risk management, underwriting oversight and strategic execution capabilities.

- **Established funding profile and comfortable liquidity position**

CIFL continues to demonstrate healthy access to diversified funding sources, supported by its capitalization profile, lender relationships and business growth. During FY2026, the company raised Rs. 618 crore, including its NCD issuance of Rs. 50 crore and other than sale proceeds of its subsidiary of Rs. 267 crores. It expanded its lender base by onboarding four new lenders, taking the total lender count to 23. The ability to maintain funding access despite asset quality pressures reflects continued lender confidence in the company's business profile and financial strength.

Weaknesses

- **Weak Asset Quality**

CIFL's GNPA increased to 3.28% as on June 30, 2026 from 2.50% as on March 31, 2026 (2.44% as on December 31, 2025), while NNPA rose to 1.87% from 1.32% (1.39% as on December 31, 2025). While the company has initiated recovery measures and expects resolution of the stressed exposure, its ability to contain fresh slippages, improve recoveries, and maintain collection efficiency will remain critical. As articulated by the management, the company has demonstrated recoveries from written-off accounts in the past, and management expects potential recovery on similar lines. That said, a sustained improvement in asset quality metrics remains a key rating sensitivity factor going forward.

- **Moderate Profitability:**

CIFL reported a overall PBT of Rs. 45.41 crores supported by an exceptional gain (pre tax) of Rs. 97.92 crore arising from the sale of its subsidiary, Capital India Home Loans Limited (CIHL) in FY2026 compared to Rs. 12.88 crore in FY2025. . Its Forex business reported a loss before tax of Rs. 7.42 crores in FY 2026 compared to Loss of Rs. 7.13 in FY2025 Overall profitability remained constrained by elevated credit costs, write-offs, losses in the forex remittance business and higher operating expenses associated with branch expansion and business scale-up initiatives.. Going forward, CIFL's ability to sustain profitability from its core lending operations through improved operating leverage, lower credit costs and stable asset quality, along with containing the losses from its forex business , will remain a key rating monitorable.

- **Inherent risks associated with MSME lending, coupled with intense competition**

CIFL's portfolio remains concentrated in MSME lending, a segment inherently susceptible to economic cyclicalities given limited cash flow buffers among borrowers. The asset quality trends observed across FY2025, FY2026, and Q1FY2027 are, in Infomerics' view, manifestations of this ongoing structural seasoning risk rather than isolated developments and continue to be exacerbated by intense competition from banks and other NBFCs operating in the segment.

Liquidity –Adequate

CIFL has adequate liquidity, with tangible net worth of Rs. 669.32 crore and gearing of ~1.39x as on March 31, 2026 (FY2026), improving further to Rs. 674.06 crore and ~1.26x as on June 30, 2026 (Q1 FY2027). The Company continues to maintain comfortable liquidity buffers of ~Rs. 390-410 crore (comprising cash and cash equivalents, liquid investments, unencumbered fixed deposits, and undrawn bank limits), with an adequately matched ALM profile and no negative cumulative mismatches across various maturity buckets as on the latest available date.

Rating Sensitivities

Upward Factors

- Sustained improvement in asset quality, reflected in lower GNPA/NNPA levels, stronger recoveries and stable collection performance, while maintaining comfortable capitalization.
- Consistent improvement in core profitability through lower credit costs, improved operating efficiency and stronger earnings in overall business.
- Sustained growth in AUM while maintaining prudent underwriting standards, healthy liquidity and diversified funding access.

Downward Factors

- Any sustained deterioration in asset quality, reflected through higher slippages, weaker recoveries and pressure on collection efficiency.
- Continued pressure on profitability or weakening in capitalization, liquidity and funding profile due to elevated credit costs, operational inefficiencies or increased leverage.

About the Company

Capital India Finance Limited (CIFL) is a Middle layer Non deposit taking Non-Banking Financial Company (NBFC-ML), listed on the NSE and BSE, and registered with the Reserve Bank of India. The Company operates through two principal business verticals: secured MSME lending, primarily through Loan Against Property (LAP) products, and foreign exchange and cross-border remittance services offered under the RemitX brand through its RBI-issued Authorized Dealer Category-II (AD-II) licence. As of March 31, 2026, CIFL's lending business operated through 46 branches across 9 states, and its forex business operated through a dedicated distribution network. The Company reported lending AUM of Rs. 1,227.37 crore in FY2026, representing 22% year-on-year growth, and expanded its branch network by 17 new branches during the year. CIFL is promoted by Capital India Corp. Pvt. Ltd. (holding 72.59% equity), and is led by Mr. Keshav Porwal (Managing Director) and Mr. Pinank Shah (CEO).

Key Financial Indicators (Standalone):

For the year ended* / As on	31-03-2025	31-03-2026	Q1FY2027
	Audited	Audited	Unaudited
Total Operating Income	206.14**	327.59#	69.53
PAT	11.78	40.36	3.76
Tangible Net worth	620.97	668.93	674.06
Total Asset	1366.69	1711.19	NA
Ratios			
NIM (%)	10.37	10.21	11.49
ROTA (%)	0.95	2.75	NA
Total CAR (%)	36.08	40.99	43.58
Gross NPA [Stage III] (%)	1.83	2.50	3.28
Net NPA [Stage III] (%)	0.98	1.32	1.87

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

**Restated numbers by the company

Includes exceptional gain of Rs. 97.92 crores from sale of subsidiary

Applicable Criteria

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

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

[Policy on Default Recognition](#)

[Criteria for Rating Outlook](#)

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

[Policy on withdrawal of rating](#)

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)			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 in 2023-24
						March 20, 2025	-
1.	Fund based facilities	LT	900.00	IVR A/Negative	IVR A/Stable (April 18, 2025) IVR A/Stable (Sept 9, 2025) IVR A/Stable (Oct 22, 2025) IVR A/Negative (March 18, 2026) IVR A/Negative (March 31, 2026)	IVR A/Stable	-
2	NCDs	LT	50.00	IVR A/Negative	IVR A/Stable (April 18, 2025) IVR A/Stable (Sept 9, 2025) IVR A/Stable (Oct 22, 2025) IVR A/Negative (March 18, 2026) IVR A/Negative (March 31, 2026) IVR A/Stable (20 March 2025)	IVR A/Stable	-
3	Proposed NCDs	LT	50.00	IVR A/Negative	IVR A/Stable (April 18, 2025) IVR A/Stable (Sept 9, 2025) IVR A/Stable (Oct 22, 2025) IVR A/Negative (March 18, 2026) IVR A/Negative (March 31, 2026) IVR A/Stable (20 March 2025)	IVR A/Stable	



Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator [^]	Complexity Indicator
Term Loan	-	-	-	Sep-26	1.94	-	NA	RBI	Simple
Term Loan	-	-	-	Mar-26	0 (Reduced from 5.90)	-	NA	RBI	Simple
Term Loan	-	-	-	Jun-27	5	-	NA	RBI	Simple
Term Loan	-	-	-	Mar-27	4.15	-	NA	RBI	Simple
Term Loan	-	-	-	Mar-27	7.49	-	NA	RBI	Simple
Term Loan	-	-	-	Aug-26	4.69	-	NA	RBI	Simple
Term Loan	-	-	-	Mar-28	36.81	-	NA	RBI	Simple
Term Loan	-	-	-	Mar-28	7.78	-	NA	RBI	Simple
Term Loan	-	-	-	Jun-26	0 (Reduced from 8.30)	-	NA	RBI	Simple
Term Loan	-	-	-	Sep-28	9.47	-	NA	RBI	Simple
Term Loan	-	-	-	Sep-26	1.36	-	NA	RBI	Simple
Term Loan	-	-	-	Dec-27	11.21	-	NA	RBI	Simple
Term Loan	-	-	-	Apr-29	33.32	-	NA	RBI	Simple
Term Loan	-	-	-	Sep-27	6.25	-	NA	RBI	Simple
Term Loan	-	-	-	Nov-27	11.49	-	NA	RBI	Simple
Term Loan	-	-	-	Sep-26	4.17	-	NA	RBI	Simple
Term Loan	-	-	-	Nov-29	36.84	-	NA	RBI	Simple
Term Loan	-	-	-	Nov-27	13.78	-	NA	RBI	Simple
Term Loan	-	-	-	Nov-29	38.88	-	NA	RBI	Simple
Term Loan	-	-	-	Apr-27	18.8	-	NA	RBI	Simple

Term Loan	-	-	-	Apr-27	10.42	-	NA	RBI	Simple
Term Loan	-	-	-	May-28	15.97	-	NA	RBI	Simple
Term Loan	-	-	-	Oct-30	94.45	-	NA	RBI	Simple
Term Loan	-	-	-	Sep-29	20.83	-	NA	RBI	Simple
Term Loan	-	-	-	Sep-26	20	-	NA	RBI	Simple
Term Loan	-	-	-	Nov-30	32.54	-	NA	RBI	Simple
Term Loan	-	-	-	Mar-31	70	-	NA	RBI	Simple
Term Loan	-	-	-	Mar-29	36.67	-	NA	RBI	Simple
Term Loan	-	-	-	Mar-31	50	-	NA	RBI	Simple
Term Loan	-	-	-	Mar-28	66	-	NA	RBI	Simple
NCD	INE345H07054	28-Jul-25	9.55%	Jul-28	50	-	Listed	SEBI	Simple
NCD	-	-	-	NA	50	-	Proposed to be listed	SEBI	Simple
Term Loan (BLR)	-	-	-	NA	194.69	-	NA	RBI	Simple
Cash Credit	-	-	-	Revolving	10	-	NA	RBI	Simple
Cash Credit	-	-	-	Revolving	25	-	NA	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/len_capitalind_aug26_e8991183e4.pdf

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

ISIN	INE345H07054
Amount	Rs 50.00 Crore
Asset Quality	Net NPA exceeding 3.5%.
Capital & Leverage	CRAR below 20%, Net Worth below Rs 575 crore, or Debt/Net Worth above 3.5x.
Liquidity	Material ALM/liquidity mismatch beyond regulatory limits.
Rating & Regulatory	Rating downgrade/suspension or breach of key regulatory covenants.

Annexure 4: List of companies considered for Consolidated/Combined analysis: None

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* \$	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	+
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side Regulator such as IRDAI, PFRDA @

Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

Note: For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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