'CareEdge BB-/Positive' assigned to Capri Global Capital Limited

USD 1 billion global medium-term note programme^	**CareEdge BB-/Positive**
USD 300 million senior secured notes*	**CareEdge BB-/Positive**
Issuer rating	**CareEdge BB-/Positive**

^Assuming the notes issued under the programme would be senior and rank pari passu with the issuer's other senior debt obligations. Facility-specific rating would be evaluated based on the instrument features once finalised closer to issuance

*Carved out of the above rated notes programme

CareEdge Global has assigned a Long-Term Foreign Currency issuer rating of **'CareEdge BB-/Positive'** to Capri Global Capital Limited (CGCL/company). A similar rating is assigned to its various debt facilities mentioned.

Rating rationale

CGCL's rating is driven by its strong balance sheet, as evident from comfortable capitalisation, regular equity capital raises, and a capital adequacy ratio (CAR) consistently above 20% over the past five years. Despite a robust year-on-year (YoY) growth of 60% in assets under management (AUM: Rs 366 billion[1] as of March 31, 2026), leverage (debt/equity) is in check. The company's business strength is adequate, supported by a fully secured loan portfolio, geographical diversification across India, and comfortable asset quality. The portfolio is also well-diversified across product segments: gold loans comprise 46% of the consolidated AUM, followed by housing finance loans (20%), MSMEs (18%), and construction finance (16%) as of March 31, 2026.

Significant technology investments have digitalised the company's underwriting, disbursement, collection, risk management, and compliance functions. This has enhanced business agility and shortened turnaround times (TAT), resulting in rapid AUM growth. Continued focus on technology is expected to lower operating costs, which will bear watching over the next 1-2 years.

However, these strengths are offset by limited vintage of the housing loan portfolio, which has scaled meaningfully only since fiscal 2023. Further, most of the MSME and construction finance AUM outstanding as of March 31, 2026, was originated over the preceding 21 months, implying low seasoning in these segments considering behavioural tenor of 3-4 years. Despite that, the credit losses have remained minimal over the years. The rating is tempered by management's high risk appetite, reflected in above-industry compounded annual growth rate (CAGR) of 50% in AUM since FY22. As per management's plans, the growth trajectory is expected to significantly outpace the industry over the next 3-4 years. The company will

[1] Including off-book assets of Rs 71.3 billion and expected to remain 25-30% of overall AUM

require additional equity capital infusion, (as internal accruals are unlikely to be sufficient), notwithstanding the rise in leverage from the current level. The rating also factors in a concentrated resource profile, 58% of borrowings from banks and 25% from securitisation (including direct assignment and co-lending), as of March 31, 2026. However, the resource profile has improved over the past two years, with bank borrowings at 74% and securitisation below 15% as of March 31, 2024.

Outlook

The 'positive' outlook reflects CareEdge Global's expectation that CGCL's credit profile will improve as its business risk decreases through improved seasoning of the AUM across segments and cycles. It also factors in measured growth in AUM, largely funded by internal accruals with improving return metrics, ensuring that leverage remains within desired thresholds.

Rating sensitivity factors

Upward factors

- Improvement in scale of operations, while maintaining on-book leverage below 4x on a sustained basis
- Improvement in return on equity (RoE) in the range of 16-18% on a sustained basis
- Seasoning of the portfolio, along with track record of maintaining asset quality through adverse cycles

Downward factors

- On-book leverage above 4.5x on a sustained basis or capitalisation reduces below 20%
- Deterioration in return metrics owing to weakening of asset quality or disproportionate rise in operating costs

Analytical approach

CareEdge Global has assessed CGCL's business and financial risk profile on a consolidated basis including all its subsidiaries, given the business synergies and common management.

Key rating drivers

Strengths

Strong balance sheet with ability to raise equity; moderate leverage

As of March 31, 2026, CGCL has a strong balance sheet with a tangible net worth of ~Rs 71 billion. This net worth is 46x its net non-performing assets (NNPAs), providing high loss absorption capacity. Standalone capitalisation was 25.8% and has consistently exceeded 20% over the past five years versus the Reserve Bank of India's (RBI) requirement of 15%. This provides ample headroom for AUM growth, aligned with management's commitment to maintain CAR above 20% at all times. CGCL has also demonstrated the ability to raise sizeable equity capital for business growth as seen during successful rights issue of Rs 14.4 billion in 2023, followed by a qualified institutional placement (QIP) of Rs 20 billion in 2025 with reputed investors. The QIP resulted in promoter shareholding getting diluted to 60% (from 70% pre-

QIP). However, the promoter is not averse to diluting the shareholding further to support business growth. This stance improves the ability of sustaining a healthy balance sheet while pursuing robust growth in AUM.

The company's on-book leverage improved to 3.4x as of March 31, 2026, from 3.8x as of March 31, 2025, owing to QIP proceeds in Q1FY26. However, leverage is likely to rise back over the medium term as capital is deployed to scale the business. Nonetheless, RoE is expected to sustain at 16-18%, with further equity infusion at suitable intervals that will keep on-book leverage under 4x despite superlative growth in AUM.

Fully secured AUM with healthy diversification across products and geographies
CGCL's fully secured portfolio provides adequate cover on loans, mitigating the ultimate loss on bad loans. Gold loan secures 46% of its AUM, providing high liquidity. Property collateral (residential, commercial, land, or escrow rights), with a high cover of over 1.5x at disbursement, backs the remaining 54%, ensuring high recoverability. The portfolio is well-diversified across 21 Indian states via a network of over 1,400 branches as of March 31, 2026. Concentration in the top five states reduced to ~73% as of March 31, 2026 (from ~81% as of March 31, 2022), led by Rajasthan (21% of AUM) and Gujarat (16%).

The portfolio is adequately diversified across product segments as well, enhancing business stability. Gold loans constitute 46% of total AUM, followed by housing finance (20%), MSME (18%), and retail construction finance (16%). Steady growth in the non-gold book highlights CGCL's ability to scale multiple products in parallel, strengthening overall portfolio resilience.

Construction finance comprises ~16% of the total book, mostly in the retail construction finance segment across ~300 borrowers. CGCL has a proven track record of 15 years in maintaining asset quality in the wholesale book. High prepayments in this segment largely mitigate inherent cash flow risks. Meanwhile, the gold loan portfolio (46% of AUM) grew at a CAGR of 147% between FY23 and FY26, when gold prices shot up, insulating asset quality and losses in this segment. CGCL's ability to these metrics across cycles is a key monitorable.

Given the fully secured portfolio, asset quality has remained stable with gross NPAs ranging 1-2% during the past three years. GNPAs reduced to 0.9% as of March 31, 2026, from 1.5% as of March 31, 2025. Gold loan and construction finance GNPAs averaged less than 1% over the past three years. The company's MSME portfolio's asset quality has improved, with GNPAs reducing from 3.9% in March 2025, to 3.0% as of March 31, 2026.

Enhancing operational agility via digitalisation and technological advancement
The company's extensive use of technology across the lending value chain is a key credit strength, supporting scalability, expected operating efficiency, and risk management. Deep integration of digital tools and analytics has materially improved its productivity metrics, as evidenced by higher disbursements per branch manager and improved staff throughput despite increasing AUM. Data-driven decision-making frameworks enable real-time monitoring and sharper supervisory oversight, contributing to tighter execution discipline.

AI-led collection intelligence platforms have enhanced collection efficiency through borrower-level risk profiling, predictive delinquency models, and customised engagement strategies, aiding early stress identification and resolution while optimising collection costs. Further, the end-to-end digital gold lending platform, supported by geography-specific business rule engines and embedded risk controls, enables quick TAT while safeguarding asset quality and operational integrity. Overall, robust technology adoption enhances execution capability and supports sustainable growth while mitigating scale-related risks.

Weaknesses

Low seasoning in 33% AUM; low vintage in remaining 67%

The company's product portfolio reflects low to moderate seasoning due to the sharp business growth over the past few years. As of March 31, 2026, majority of outstanding loans in the MSME and construction finance portfolios (collectively 33% of AUM) originated in the preceding 24 months, limiting the desired level of loan seasoning in these segments. Similarly, the housing and gold loan segments (collectively over 67% of AUM) have scaled meaningfully only since FY23 and have a limited track record against adverse economic cycles. While asset quality indicators, including GNPA levels, remain stable and broadly in line with peers, the limited operating history constrains visibility on portfolio performance under prolonged economic stress or cyclical downturns. Given management's risk appetite and aggressive growth strategy over the next 3-4 years, the abatement of seasoning and vintage-related risks is a monitorable.

High operating expenses have a bearing on profitability metrics

CGCL's profitability metrics continue to be moderate owing to higher operating expenses, driven by significant upfront investment in technology and aggressive expansion. The branch network expanded significantly from 117 branches as of March 31, 2022, to 1,429 as of March 31, 2026, including 999 gold loan branches, reflecting an expansion-led business strategy. Consequently, the cost-to-income ratio remains elevated at 52% as of March 31, 2026. While this ratio is expected to moderate to ~45% driven by operating leverage, it remains high for a secured lending portfolio. Nonetheless, RoE improved to 16.5% in FY26 (11.8% in FY25), driven by higher net interest margin and rationalisation of operating expenses.

Resource profile is concentrated, but borrowing rates are competitive

While the company's resource profile is concentrated, diversification efforts have reduced the share of bank borrowing to ~58% as of March 31, 2026, from 70% as of March 31, 2024. The remaining borrowing mix comprises 25% from securitisation, ~7% from capital markets and 11% from other financial institutions. Though the lender base is diversified across 35 lenders, the largest lender contributes ~11% of overall borrowings, indicating over-reliance on a single funding source. However, long association with the top lender and other banks provides some comfort.

Despite resource concentration, borrowing costs remain competitive. Around 80% of CGCL's borrowings are linked to marginal cost of funds-based lending rate (MCLR) and remain sensitive to interest rate movements. The cost of borrowings is comparable for the given rating category.

Liquidity

CGCL has an adequate balance of liquid funds at Rs 39.6 billion, supported by its policy of maintaining three months of debt obligations and operating expenses. High churn and prepayments from gold loans and construction finance provide additional liquidity. To manage short-tenor assets, the company is diversifying its borrowing profile by issuing commercial papers. As of March 31, 2026, the company had sufficient liquidity to meet its near-term debt obligations, reporting zero ALM mismatches at the cumulative level.

Environmental, social and governance (ESG) considerations

CGCL has strengthened its environmental risk management through measurable initiatives. In FY25, it achieved a 23% reduction in e-waste, recycled over 500 kg of waste, and created 15.9 million KL of water-harvesting capacity. Digital initiatives supported energy savings of 2.61 lakh pages. Social performance is supported by measurable inclusion-focused initiatives. In FY25, it reached 15,519 beneficiaries, including 13,287 women, and impacted 1.2 lakh women through livelihood programmes. Community engagement included formation of 681 Self-Help Groups (SHGs), zero operational fatalities, and employee training covering health, safety, and skill development.

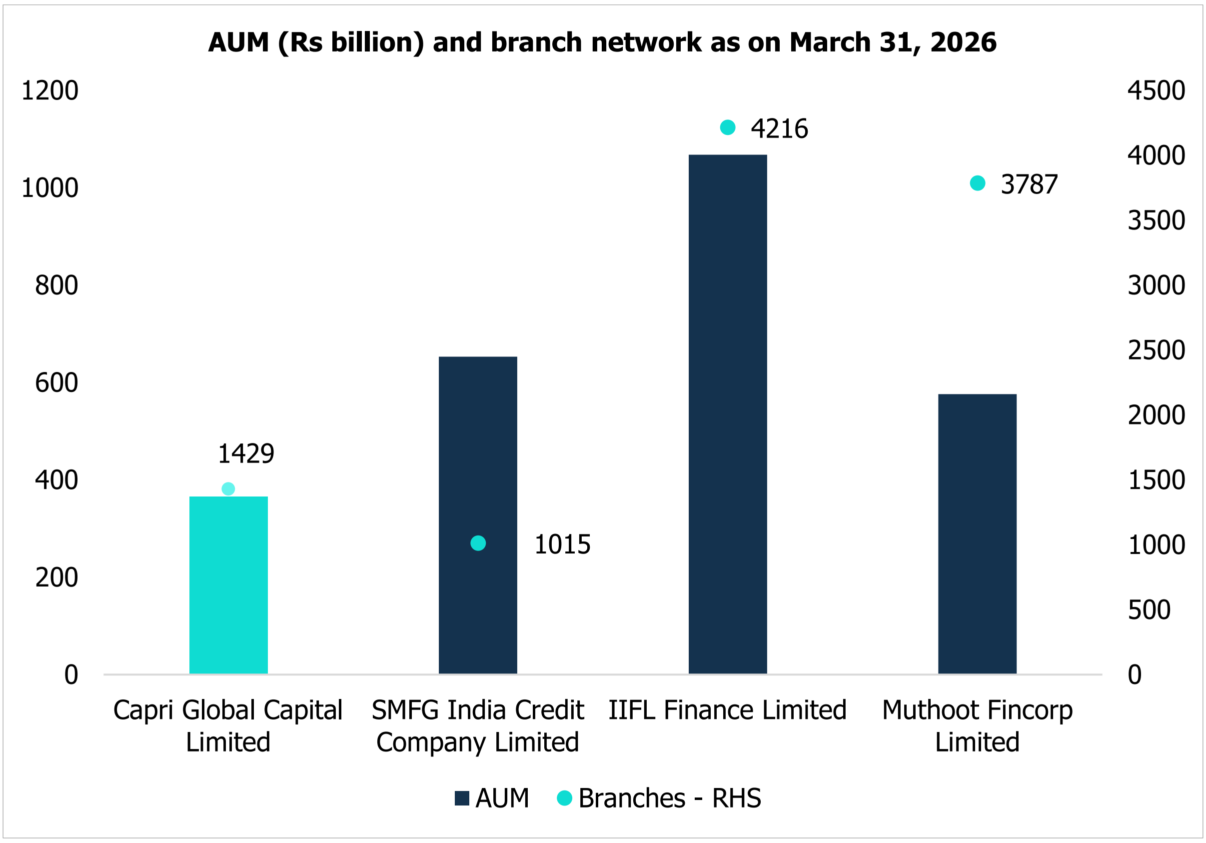
Governance practices are supported by strong board oversight and policy frameworks. The board comprises five independent directors out of six, with 100% diversity, equity and inclusion (DEI) training for senior management. The company reported zero cases of fraud, discrimination, money laundering, or cyber breaches, with ESG-linked evaluations embedded into leadership accountability mechanism.

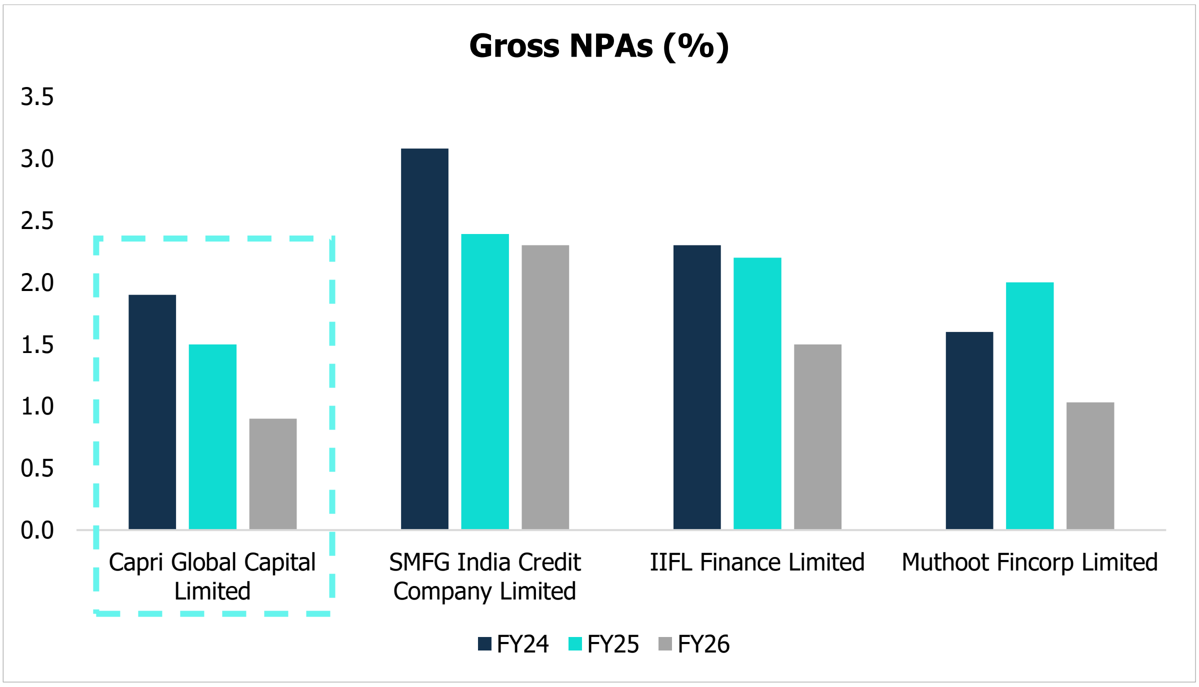
About the company

CGCL is a non-banking financial company–non-deposit taking–systemically important (NBFC-ND-SI) registered with the Reserve Bank of India and listed on the BSE and the NSE. CGCL is a retail-focused lending institution with a pan-India presence. As of March 31, 2026, its AUM was over Rs 366 billion, serviced through a distribution network of 1,429 branches.

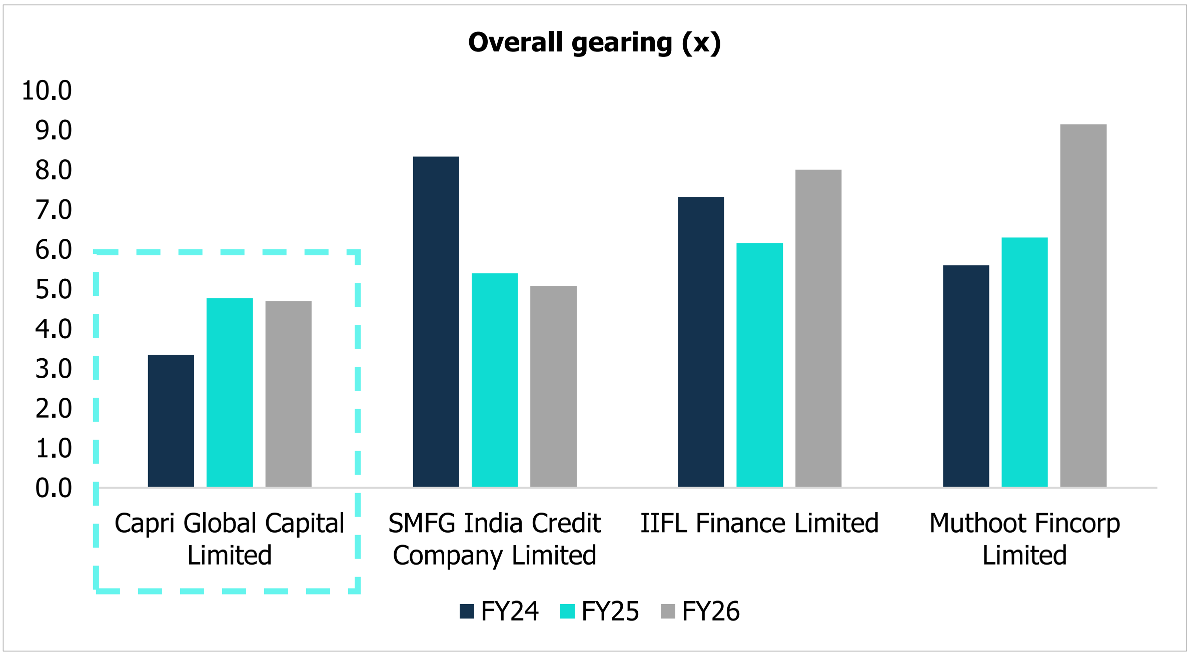
The company operates a diversified, predominantly secured lending portfolio comprising MSME loans, gold loans, and construction finance. Housing loans are offered through its wholly owned subsidiary, Capri Global Housing Finance Limited (CGHFL). CGCL also has fee-based businesses, including car loan distribution and insurance distribution across life, general, and health segments. As of March 31, 2026, the promoter group held around 60% stake in the company.

Peer comparison[2]

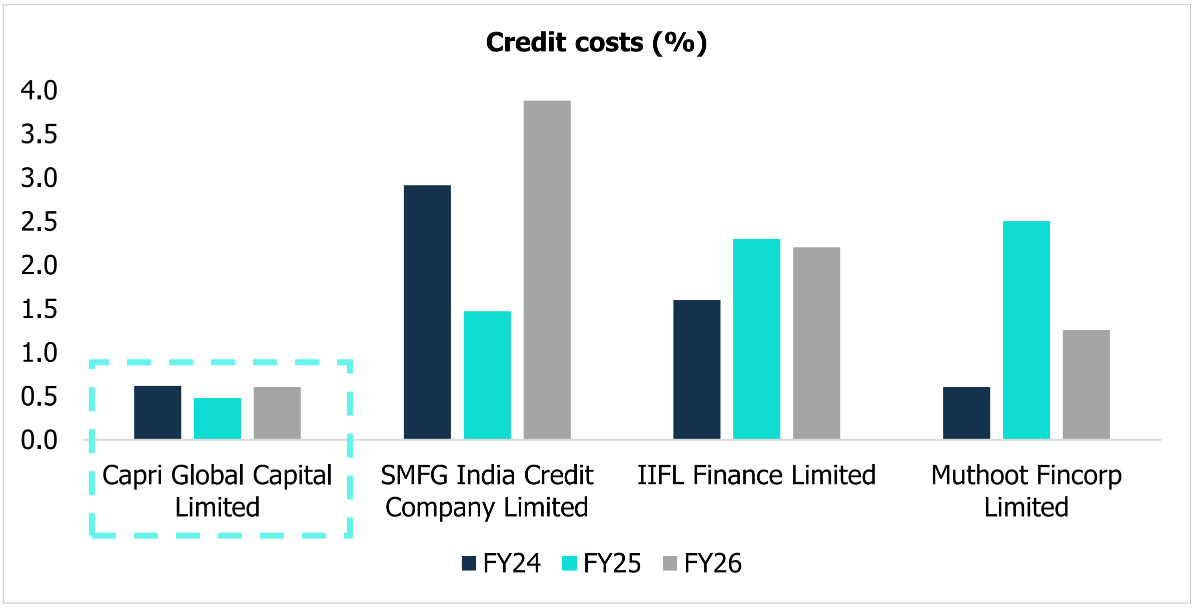




[2] Data for Muthoot Fincorp is on a standalone basis



Note: Gearing includes off-book AUM



Recent updates and financial summary

The company posted a net profit of Rs 3.5 bn for the Q1FY27, improving from Rs 1.7 bn for the same period, the previous fiscal. As of June 30, 2026, the AUM has reached Rs 401 bn, with a growth of 62% on a year on year (YoY) basis. The Gross- Non-performing assets (GNPA) have reduced from 1.7% as of June 2025, to 1.1% as of June 2026. The capitalisation has rationalised owing to the growth, however it remains comfortable at 24.7% as of June 30, 2026 against a regulatory requirement of 15%.

Key summary financial metrics (consolidated)

Particulars	Unit	March 31, 2024	March 31, 2025	March 31, 2026
AUM	Rs Bn	157	229	366
Net interest margin	%	7.8	7.5	7.4
Cost to income	%	69.1	62.9	52.0
Gross stage 3 assets	%	1.9	1.5	0.9
RoA	%	1.9	2.3	2.9
CAR	%	26.6	22.8	25.8

Solicitation status

The rating is solicited. The management has provided information to and held meetings with the CareEdge Global analytical team for the rating.

Details of the instrument

Instrument	ISIN	Date of issuance	Coupon rate	Maturity date	Issue size	Rating
Global medium-term note programme	-	-	-	-	USD 1 billion	CareEdge BB- /Positive
Senior secured notes	US14065FAA75 USY1R30AAA11	September 09, 2026	7.55%	December 09, 2029	USD 300 million	CareEdge BB- /Positive

Rating history

Instrument	Type	Rating	Date
Global medium-term note programme	Long-Term Foreign Currency	CareEdge BB-/ Positive	September 01, 2026
Senior secured notes	Long-Term Foreign Currency	CareEdge BB-/ Positive	September 01, 2026
Issuer rating	Long-Term Foreign Currency	CareEdge BB-/ Positive	September 01, 2026

Criteria applied

CareEdge Global’s Financial Institutions Rating Methodology

CareEdge Global’s Consolidation Methodology

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CIN-U66190GJ2024PLC151103