

Capital Trust Limited

December 16, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	10.00 (Reduced from 50.00)	CARE BB; Stable	Downgraded from CARE BB+; Stable
Non-convertible debentures	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in rating of bank facilities of Capital trust limited (CTL) is considering weakening profitability from substantial increase in credit cost, significant deterioration in asset quality, weakening capitalisation profile, and consistently declining scale. As on September 30, 2025, CTL's tangible net worth (TNW) had declined on ₹2 crore with capital adequacy ratio of 10%, against minimum regulatory requirement of ₹10 crore and 15%, respectively. However, CARE Ratings Limited (CareEdge Ratings) notes the entity has raised capital of ₹24 crore subsequently, which provides it adequate cushion. The company also ventured into the secured lending segment by introducing a gold loan product with tenures ranging 6-12 months. Since the product is new, the company's performance in managing it efficiently will remain monitorable.

CareEdge Ratings has withdrawn the outstanding rating on the non-convertible debenture (NCD) bearing ISIN number INE707C07064 with immediate effect, in line with CareEdge Ratings' policy on withdrawal of ratings, as the corporation has repaid the bond in full and there is no amount outstanding as on date.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sizable scaling up of operations while improving asset quality and profitability.
- Sizable improvement in net worth position.

Negative factors

- Continued deterioration in asset quality for elongated period, resulting in profitability remaining weak.
- Deterioration in company's liquidity profile.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook on long-term rating of CTL factors in CareEdge Ratings' expectations that the recent capital raise and the management's decision to move towards secured lending segment will help the company improve its scale and maintain a stable financial profile.

Detailed description of key rating drivers:

Key weaknesses

Weak profitability

In H1FY26, the company reported a net loss of ₹26 crore compared to a profit of ₹1 crore in FY25. Decline in net income margin (NIM) in H1FY26, driven by lower interest income, resulted in a contraction in total income. Its fee income from business correspondence also fell sharply to an annualised 7% (as a percentage of average total assets [ATA]) from 17% in FY25, while operating expenses as a percentage of ATA remained elevated in line with prior-year levels, leading to losses at the pre provisioning operating profit level in H1FY26. Credit cost surged to 25.72% (as a percentage of ATA) in H1FY26 from 1.43% in FY25 considering

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

deterioration in its asset quality in this period. These factors collectively contributed to losses at the profit-after-tax (PAT) level. The management's ability to scale up its operations, while improving profitability and asset quality shall be key for its credit profile.

Significant deteriorated asset quality

In FY25, CTL faced significant pressure on asset quality in its current digital lending portfolio, reflected by ₹10.6 crore in fresh non-performing assets (NPA) additions on assets under management (AUM) basis in the year. In H1FY26, there was a further ₹10.75 crore fresh addition on an AUM basis, indicating continued stress. The gross NPA (GNPA) ratio deteriorated to 5.9% in FY25 from 1.4% in FY24 and further to 9.4% in September 2025, even after writing off ₹9.8 crore in H1FY26 (5% on opening portfolio as on September 30, 2025). CareEdge Ratings notes that the company has made adequate provisions, resulting in a nil NNPA in September 2025. Its ability to contain further slippages will remain monitorable.

Declining scale of operations

Currently, digital lending is the CTL's flagship product, launched in 2019. Its typical ticket size was ₹30,000-₹1,00,000 for 18-24 months, which in FY25 increased to ₹30,000-₹5,00,000 for 15-36 months. Its overall AUM has been coming down over s. As on September 30, 2025, its AUM stood at ₹124 crore, compared to ₹725 crore as on March 31, 2019.

CareEdge Ratings notes that the company entered an agreement in October 2025 with Suryoday Small Finance Bank (Suryoday) without first loss default guarantee (FLDG) requirement, which is expected to help improve its business volumes gradually. In October 2025, the company ventured into secured loan segment through gold, achieving early traction with disbursements of ~₹75 lakh in the first month, offering collateral-backed lending with lower credit risk.

Depletion in net worth in H1FY26, although capital raised subsequently

With CTL reporting significant loss in H1FY25, its TNW depleted to ₹2 crore as on September 30, 2025, and capital adequacy ratio (CAR) declined to 10%, against regulatory requirements of ₹10 crore and 15%, respectively. However, the company has raised capital of ₹23.8 crore in November 2025, through rights issue with ₹13.81 crore from promoters (Moonlight Equity Private Limited [MEPL] and Yogen Khosla) and rest of the amount from the public. With this company's TNW stood at ₹26 crore (post deferred tax asset [DTA] deduction and TNW adjustments) in November 2025. Its CAR also subsequently improved to 35.7%.

Key strengths **Resource profile**

As on September 30, 2025, the company has relationships with 15 lenders. Majority borrowings are from non-banking financial companies (NBFCs; 53%), followed by related parties (32%), banks (9%), and NCDs (6%). The company has raised incremental borrowings of ~₹16.5 crore till November 2025.

CareEdge Ratings notes that the company has covenant breaches related to asset quality; however, lenders have not taken negative action so far. Going forward, CareEdge will continue to monitor CTL's ability to raise funds at competitive rates.

Geographically diversified operations

CTL operates in 10 states, with majority proportion of AUM in Bihar with 35%, followed by Uttar Pradesh with 19%, Odisha 12%, Madhya Pradesh with 11% and balance by six states, Punjab, Jharkhand, Rajasthan, Uttarakhand, Delhi, Chhattisgarh as on September 30, 2025. As of now, Uttarakhand and Chhattisgarh are collection branches only as the company was facing collection challenges there.

Liquidity: Adequate

Per asset liability management (ALM) statement as on September 30, 2025. There are positive cumulative mismatches across all time buckets. The company has advances of ₹24.2 crore up to one-year bucket against borrowings of ₹43 crore in the bucket. The company has free cash and bank balance (excluding lien marked) of ₹8.9 crore as on September 30, 2025. The company has undrawn limit of ₹8.5 crore as on November 30, 2025. It raised fresh capital of ₹24 crore in November 2025, supporting its liquidity as well.

Applicable criteria

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Withdrawal Policy](#)

[Non Banking Financial Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

CTL was incorporated in August 1985 as a non-deposit taking NBFC. The company is promoted by Yogen Khosla, holding 23% stake as on September 30, 2025. The company's promoter group also includes MEPL, a company founded by Yogen Khosla. The promoter group held 54% stake as on September 30, 2025. CTL started the digital lending portfolio in FY19, with one product branded Capital Business Loan. The company caters to 47,355 customers through 287 branches in 10 states in the country.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (U/A)
Total income	60.01	85.88	19.73
Profit after tax (PAT)	2.15	1.11	-26.21
Assets under management (AUM)	279.61	190.90	123.85
On-book gearing (x)	2.86	2.70	36.78
AUM / tangible net-worth (TNW) (x)	10.00	5.08	56.81
Gross non-performing assets (NPA) / gross stage 3 (%)	1.45	5.86	9.12
Return on managed assets (ROMA) (%)	0.76	0.38	-24.77
Capital adequacy ratio (CAR) (%)	28.82	29.44	10.02*

A: Audited UA: Unaudited; Note: these are latest available financial results

Net worth per care calculation

*The company raised equity on November 11, 2025, followed by the announcement of financials on November 14, 2025. After the equity infusion, net worth stands at ₹29 crore (post DTA deduction and TNW adjustments).

Status of non-cooperation with previous CRA:

Not applicable

Any other information:

Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non Convertible Debentures	INE707C07064	NA	NA	NA	0.00	Withdrawn
Fund-based - LT-Cash Credit		-	-	-	5.00	CARE BB; Stable
Fund-based - LT-Term Loan		-	-	May 30, 2027	5.00	CARE BB; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	5.00	CARE BB; Stable	-	1)CARE BB+; Stable (26-Dec-24)	1)CARE BB+; Stable (03-Oct-23)	1)CARE BB+; Negative (06-Oct-22)
2	Fund-based - LT-Cash Credit	LT	5.00	CARE BB; Stable	-	1)CARE BB+; Stable (26-Dec-24)	1)CARE BB+; Stable (03-Oct-23)	1)CARE BB+; Negative (06-Oct-22)
3	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (03-Oct-23)	1)CARE BB+; Negative (06-Oct-22)
4	Debentures-Non Convertible Debentures	LT	-	-	-	1)CARE BB+; Stable (26-Dec-24)	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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