CAPRI GLOBAL CAPITAL LIMITED

March 8, 2017

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
Commercial Paper	200 (Enhanced from Rs.50 crore)	**CARE A1+** **(A One Plus)**	**Reaffirmed**

Details of instruments/facilities in Annexure-1

Detailed Rationale and Key Rating Drivers

The rating takes into account the strong capital adequacy, low gearing, comfortable liquidity and growth in business. The rating is however constrained by the limited track record in the lending business, exposure to relatively riskier real estate & SME segments, moderate asset quality and deterioration in profitability. Seasoning of the loan portfolio, growth in business, asset quality and profitability are the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Strong capital adequacy with low gearing and comfortable liquidity: CGCL has a strong capital adequacy ratio (CAR) of 79.7% at the end of March 2016 with Tier I CAR at 79.3%. The company reported CAR of 60.21% with Tier I CAR of 59.57% as on December 31, 2016. The company's overall gearing increased to 0.44 times as on December 31, 2016 on account of increase in borrowings, however, it still continues to remain low. The liquidity profile of the company as on December 31, 2016 is comfortable. Also, as per the indication given by the management, the company will maintain unutilized bank facilities of around Rs.100 crore to cover maturity of short term instruments and additionally CC facility of around Rs.50 crore would largely remain undrawn at the time of CP issuance.

Consistent growth in business with reduction in wholesale portfolio: CGCL had started its lending business in March 2011. The portfolio has grown from Rs.119 crore at the end of FY11 to Rs.1060 crore as on March 31, 2016. As on December 31, 2016, the company's loan portfolio increased to Rs.1,532 crore out of which 67% portfolio belonged to MSME loans while remaining portfolio was constituted by wholesale lending.

Key Rating Weaknesses

Deterioration in Profitability*:* The Company reported PAT of Rs.41.2 crore in FY16 as against PAT of Rs.85.2 crore in FY15. Reduction in profitability is on account of write off of couple of large ticket loans. During 9MFY17, the company reported PAT of Rs.45.9 crore on total income of Rs.164.4 crore as against PAT of Rs.41.2 crore on total income of Rs.138.5 crore during 9MFY16.

Limited track record: The Company started wholesale lending in the beginning of FY12 and MSME lending from the last quarter of FY13. The company has limited track record of operations and the loan book is relatively unseasoned.

Concentration Risk: The Company's wholesale lending book stood at Rs.311 crore as on March 31, 2016. There are 14 clients in the wholesale lending book which accounted for 29% of the total loan portfolio as on March 31, 2016. Top 5 clients in this portfolio account for 19% of the total loan portfolio and 18.5% of net worth. The concentration risk has decreased with higher growth in the LAP portfolio.

Moderate asset quality: The Company had written-off couple of NPA accounts of ~Rs.66 crore (net of provisions) in the wholesale loan portfolio in FY16. After writing off the NPA accounts, Gross NPA stood at Rs.9.7 crore which is attributable to the LAP business. As on March 31, 2016, Company's GNPA & NNPA ratio stood at 0.88% and 0.75%, respectively.

As on December 31, 2016, Company's GNPA & NNPA ratio stood at 1.59% and 1.38%, respectively. Restructured assets outstanding stood at Rs.5.3 crore which is 0.35% of loan portfolio.

Analytical approach: Standalone

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

Applicable Criteria
Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Financial ratios – Financial sector
Non-Banking Financial Companies

About the Company
Capri Global Capital Ltd (CGCL) formerly known as Money Matters Financial Services Ltd (MMFSL) is a BSE & NSE listed systemically important non-deposit taking NBFC primarily involved in lending to residential real estate projects (wholesale lending) and SME lending (loan against property) business. Prior to March 2011, the company was into the debt syndication business but after that CGCL started wholesale lending business. Further, in February 2013, it started lending to the SME segment by offering these borrowers loan against property. The company is promoted by Mr. Rajesh Sharma who is also one of the Directors of the company. Mr. Sunil Kapoor is the Executive Director of the company since January 2014.
As on March 31, 2016, CGCL had a loan portfolio of Rs.1060 crore of which 71% was attributable to SME lending and the rest comprised of wholesale portfolio. The principal geographies of operation are NCR, Mumbai, Ahmedabad, Pune, Ludhiana, Surat and Rajkot. CGCL generated a PAT of Rs.41 crore (FY15: Rs.85 crore) on a total income of Rs.186 crore (FY15: 192 crore) in FY16. Since the major loan book is funded out of net-worth, capital adequacy was strong at 79.7% as on March 31, 2016.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Commercial Paper	-	-	7-364 days	200.00	CARE A1+

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund-based - LT-Term Loan	LT	1000.00	CARE A+; Stable	1)CARE A+; Stable (26-Dec-16) 2)CARE A+ (13-Jul-16)	1)CARE A+ (11-Feb-16) 2)CARE A+ (21-Sep-15)	1)CARE A (13-Aug-14)	1)CARE A- (22-Nov-13)
2.	Commercial Paper	ST	200.00	CARE A1+	1)CARE A1+ (26-Dec-16) 2)CARE A1+ (13-Jul-16)	-	-	-
3.	Debentures-Non Convertible Debentures	LT	300.00	CARE A+; Stable	1)CARE A+; Stable (26-Dec-16) 2)CARE A+ (13-Jul-16)	-	-	-

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