

September 09, 2024

Capsave Finance Private Limited – Update on Material Event

Summary of ratings outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Non-convertible debentures	250.00	250.00	[ICRA]AA+ (Stable)
Commercial paper	100.00	100.00	[ICRA]A1+
Total	350.00	350.00	

Rationale

Material event

In a meeting held on August 29, 2024, the board of directors of Rent Alpha Private Limited (RAPL), the holding company of Capsave Finance Private Limited (CFPL), considered and approved the transfer of 32.92% of its share capital, which was held by Bravia Rent Alpha Holdings Limited (Bravia), to Mizuho Leasing Company Limited (MLCL). Pursuant to this, MLCL holds 87.61% of RAPL's share capital.

Impact of the material event

ICRA notes that CFPL has benefited over the last one year from its association with the Mizuho Group, following MLCL's acquisition of a majority stake in June 2023. MLCL infused equity of about Rs. 100 crore in RAPL in November 2023, a sizeable portion of which was provided to CFPL. Further, Mizuho Bank has sanctioned about Rs. 250 crore to CFPL and is its second largest lender at present. CFPL is also benefiting from its Mizuho association as its target borrower segment has expanded. ICRA believes that CFPL and RAPL are expected to be key entities for Mizuho's business interests in India. The increase in MLCL's stake in RAPL reinforces the above. ICRA is in the process of reviewing the ratings in view of the above development and will take an appropriate rating action once the same is concluded.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, rating sensitivities and liquidity position: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Non-banking Finance Companies
Parent/Group support	The ratings factor in the high likelihood of operational, financial and management support from MLCL, an affiliate of Mizuho Financial Group, Inc. (MFG), given the strategic importance of CFPL
Consolidation/Standalone	The ratings are based on the standalone financial statements of CFPL

About the company

Capsave Finance Private Limited (CFPL) is a non-deposit taking systemically important middle layer non-banking financial company (NBFC). It became a 100% subsidiary of Rent Alpha Private Limited (RAPL) in 2016 and a step-down subsidiary of MLCL in June 2023, following MLCL's acquisition of a majority (51%) stake in RAPL. MLCL's stake increased to 87.6%, as of August 2024, following its acquisition of Bravia's stake in RAPL.

CFPL primarily provides working capital financing and leasing facilities to segments such as information technology equipment, plant & machinery, furniture & fitouts, medical equipment, etc. It operates from its registered office in Mumbai and has a presence in Delhi, Pune, Chennai, Bengaluru and Hyderabad.

CFPL's gross loan book stood at Rs. 2,593.2 crore as of June 2024 (Rs. 2,666.9 crore as of March 2024). It reported a net profit of Rs. 78.3 crore on a total asset base of Rs. 3,009.1 crore in FY2024 compared with Rs. 75.6 crore and Rs. 2,074.2 crore, respectively, in FY2023. It reported a provisional net profit of Rs. 21.9 crore on a total asset base of Rs. 2,848.8 crore in Q1 FY2025.

Key financial indicators (audited)

CFPL – Standalone	Ind-AS	Ind-AS	Ind-AS	Ind-AS
	Audited	Audited	Audited	Provisional
	FY2022	FY2023	FY2024	Q1 FY2025
Total income	165.0	247.6	328.1	94.9
Profit after tax	54.1	75.6	78.3	21.9
Total assets	1,308.1	2,074.2	3,009.1	2,848.8
Return on managed assets	5.4%	4.5%	3.1%	3.0%
Managed gearing (times)	1.9	2.5	2.4	2.2
Gross stage 3	0.2%	0.6%	1.0%	1.0%
CRAR	28.4%	26.3%	26.9%	28.5%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2025)				Chronology of rating history for the past 3 years					
FY2025				FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Sep 09, 2024	Date	Rating	Date	Rating	Date	Rating
Non-convertible debentures	Long term	250.00	[ICRA]AA+ (Stable)	Oct 13, 2023	[ICRA]AA+ (Stable)	-	-	-	-
Commercial paper	Short term	100.00	[ICRA]A1+	Oct 13, 2023	[ICRA]A1+	-	-	-	-
				Sep 29, 2023	[ICRA]A1+	-	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Commercial paper	Very Simple
Non-convertible debentures	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
Yet to be placed	Non-convertible debentures	-	-	-	250.00	[ICRA]AA+ (Stable)
Yet to be placed	Commercial paper	-	-	-	100.00	[ICRA]A1+

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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