

September 24, 2025

## Mizuho Capsave Finance Private Limited (erstwhile Capsave Finance Private Limited): [ICRA]AAA (Stable) assigned to NCD programme; ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debentures	450.00	450.00	[ICRA]AAA (Stable); reaffirmed
Non-convertible debentures	0.00	100.00	[ICRA]AAA (Stable); assigned
Commercial paper	100.00	100.00	[ICRA]A1+; reaffirmed
<b>Total</b>	<b>550.00</b>	<b>650.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The ratings continue to derive comfort from the strategic importance of Mizuho Capsave Finance Private Limited (Mizuho Capsave) to Mizuho Leasing Company Limited (MHLS), an affiliate of Mizuho Financial Group, Inc. (MFG; rated A1 (Stable) by Moody's Investors Service). Mizuho Capsave is a wholly-owned subsidiary of Mizuho RA Leasing Private Limited (MRAL), which, in turn, is majority owned by MHLS. ICRA notes Mizuho Capsave's brand association with the Mizuho Group and its importance to the Group, given MHLS' long-term plans in India. MHLS is focussed on expansion in emerging markets, including India, and Mizuho Capsave and MRAL are expected to be key entities for its interests in India.

Mizuho Capsave is currently comfortably capitalised with a net worth of Rs. 1,002 crore and a managed gearing of 2.1 times as of June 2025. Going forward, ICRA expects MHLS to provide equity capital and enable the company to raise debt funds at competitive rates in a timely manner to support its growth plans. Mizuho Capsave is also benefiting from its MHLS association as its target borrower segment has expanded. ICRA notes that following the acquisition, Mizuho Bank has started partnering with MRAL and Mizuho Capsave on the asset as well as liability side.

The ratings take into consideration Mizuho Capsave's good asset quality, with the 90+ days past due (dpd) declining to 0.5% as of June 2025 as well as March 2025 from 0.8% as of March 2024 (0.1% as of March 2023). The company wrote off Rs. 16.6 crore in FY2025. Going forward, it is expected to restrict incremental slippages since the underwriting norms have been tightened along with shift to better customer profile. Nevertheless, the asset quality performance would remain monitorable.

Although it remains healthy, Mizuho Capsave's profitability has been declining {profit after tax (PAT)/average managed assets (AMA) of 2.8% in FY2025 and 3.1% in FY2024 vis-à-vis 4.4% in FY2023} due to reducing interest margins with the shift to a better customer profile. Going forward, the company's ability to stabilise the interest margin at the current level would be crucial for maintaining healthy profitability on a sustained basis.

The Stable outlook reflects ICRA's expectation that Mizuho Capsave will receive managerial, operational and financial support from MHLS in a timely manner, which would help it meet its medium-term growth plans.

### Key rating drivers and their description

#### Credit strengths

**Strategic importance to MHLS** – The ratings factor in the managerial, financial and operational support expected from MHLS, an affiliate of MFG (23.1% stake in MHLS). MHLS is a major leasing company in Japan with a presence in multiple geographies

across the world. It provides finance for capital investments in industrial machine tools, information technology (IT) equipment, medical equipment and other business assets. It recorded a consolidated net income of ₹42.0 billion on total consolidated revenues of ₹695.4 billion in FY2025 vis-à-vis ₹35.2 billion and ₹656.1 billion, respectively, in FY2024. MHLS has been increasing its focus on expanding in emerging markets, including India, as a part of its global growth strategy. It entered India with the acquisition of a 51% stake in MRAL in June 2023. Since then, it has increased its stake further (acquired 32.9% in August 2024) and held 87.6% as of June 2025.

MHLS has extended significant managerial support by appointing six of its representatives to Mizuho Capsave's board, three of whom have relocated to the company office in Mumbai and are involved in its day-to-day operations. MHLS has also ensured that the process efficiency and governance standards are in line with global best practices. Mizuho Capsave is expected to benefit from its parentage by leveraging MFG's relationships with various financiers in order to provide timely funding opportunities at competitive rates as well as by generating new businesses with multinational company (MNC) clients and through original equipment manufacturer (OEM) relationships. ICRA notes that Mizuho Capsave's board, founders and senior management team have extensive experience in the leasing business.

**Comfortable capitalisation profile** – Mizuho Capsave has a comfortable capitalisation profile characterised by a managed gearing of 2.1 times as of June 2025 (2.4 times as of March 2025), supported by regular capital infusions and healthy internal capital generation. MRAL infused capital of Rs. 125.0 crore in FY2025 and Rs. 175.0 crore in FY2024 (of this Rs. 75 crore was infused by MRAL from its surplus funds while the balance Rs. 100 crore was down-streamed to Mizuho Capsave on the back of a similar amount infused by MHLS into MRAL). Going forward, ICRA expects MHLS to provide equity capital as and when required and enable Mizuho Capsave to raise debt funds at competitive rates in a timely manner to support its growth plans. In addition, MRAL would continue to infuse a share of its accruals into Mizuho Capsave. The company expects to continue expanding its portfolio at a robust pace in the medium term, while keeping its leverage below 4 times.

**Good asset quality indicators** – Mizuho Capsave has historically maintained its asset quality with a 90+ dpd of 0.1% and nil write-offs. However, some slippages were seen in the past two years, which resulted in its 90+dpd increasing to 0.8% as of March 2024. The company had taken write-off of Rs. 16.6 crore out of NPA accounts in FY2025, resulting in 90+dpd declining to 0.4% as of March 2025 (0.4% as of June 2025).

ICRA notes the relatively moderate customer profile in the WCF segment, though this is expected to improve with the company tightening its underwriting practices. Nevertheless, the asset quality of this segment would remain monitorable. It also notes that Mizuho Capsave's exposures in the leasing segment are largely towards well-rated entities, MNCs or backed by liquid collateral. The management has significant experience in leasing, supporting the company's ability to limit the risks arising from the end-of-lease residual value of the asset. Going forward, maintaining or augmenting the borrower risk profiles in the leasing business and ensuring adequate risk coverage for leasing and WCF, as the business scales up, would remain crucial.

**Healthy profitability indicators, notwithstanding the decline in margins** – Mizuho Capsave has continued to maintain healthy profitability, with its net profitability (PAT/AMA) at 2.8% in FY2025 (3.1% in FY2024), though it has witnessed some moderation from previous years (4.4% in FY2023). This was on account of the reduction in its net interest margin, largely impacted by a moderation in the yields as the company focussed on onboarding borrowers with better profiles. Operating expenses and credit costs, however, have remained largely stable in recent years. Nonetheless, the profitability in Q1 FY2026 improved slightly to 3.0% due to some uptick in margins.

ICRA expects Mizuho Capsave to benefit from its MHLS parentage by improving its cost of funding over the medium term. Nevertheless, its ability to maintain its interest margins without further reduction would be critical for maintaining healthy profitability indicators over the near-to-medium term.

## Credit challenges

**Moderate scale; wholesale nature of operations** – Mizuho Capsave's assets under management (AUM) witnessed a Compound annual growth rate (CAGR) of 45% during FY2022-FY2025, reaching Rs. 3,478.6 crore as of March 2025 (Rs. 3,282.7 crore as of June 2025). Nevertheless, its scale of operations remains moderate. On a segment-wise basis, leasing contributed

59% to the total AUM as of June 2025, followed by WCF (38%) and equipment financing and other loans (3%). The company expects both these segments to contribute equally to the AUM over the medium term. ICRA also takes note of the risks associated with the realisation of the residual value of the leased assets after the expiry of the lease period.

The company has a concentrated borrower profile with the top 20 clients accounting for 26% as of June 2025 (86% of the net worth), 24% as of March 2025 (87% of the net worth) and 26% as of March 2024 (94% of the net worth). ICRA notes that such exposures are largely towards well-rated entities (rated A and above), MNCs or backed by liquid collateral. Going forward, the ability to maintain healthy asset quality would be a key monitorable as the business expands.

### Liquidity position: Strong

Mizuho Capsave maintains a strong liquidity profile with no cumulative mismatches in its asset-liability maturity (ALM) profile as on June 30, 2025, given its sizeable short-term loan book. It had cash and cash equivalents of Rs. 177.9 crore and undrawn sanctions of Rs. 567.5 crore as of August 2025. Further, RAPL has extended an intercorporate line of Rs. 300 crore to Mizuho Capsave (of which Rs. 100.0 crore was utilised as of June 2025), which provides additional liquidity support as the lease rental payments are generally received on a quarterly basis. The company has repayments of Rs. 339.2 crore due during September-November 2025 (including interest of Rs. 35.0 crore). Mizuho Capsave is expected to benefit from its parentage in diversifying its borrowing profile and maintaining its liquidity position.

### Rating sensitivities

**Positive factors** – NA

**Negative factors** – The ratings would remain sensitive to any weakening in MFG or MHLS’ credit profile or lower-than-expected support. A substantial deterioration in Mizuho Capsave’s asset quality or capitalisation profile would also negatively impact the ratings.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Non-banking Finance Companies (NBFCs)</a>
Parent/Group support	The ratings factor in the high likelihood of operational, financial and management support from MHLS, an affiliate of MFG, given the strategic importance of Mizuho Capsave
Consolidation/Standalone	The ratings are based on the standalone financial statements of Mizuho Capsave

### About the company

Mizuho Capsave is a non-deposit taking systemically important middle layer non-banking financial company (NBFC). It became a 100% subsidiary of Mizuho RA Leasing Private Limited (MRAL; formerly known as Rent Alpha Private Limited in March 2025) in 2016 and a step-down subsidiary of Mizuho Leasing Company Limited (MHLS) in June 2023, following MHLS’ acquisition of a majority (51%) stake in MRAL. MHLS’ stake increased to 87.6% in August 2024, following its acquisition of Bravia’s stake in MRAL.

Mizuho Capsave 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.

Mizuho Capsave’s total portfolio stood at Rs. 3,282.7 crore as of June 2025 (Rs. 3,478.6 crore as of March 2025). It reported a net profit of Rs. 95.4 crore on a total managed asset base of Rs. 3,877.5 crore in FY2025 compared with Rs. 78.3 crore and Rs. 3,035.4 crore, respectively, in FY2024. It reported a provisional net profit of Rs. 28.6 crore on a total managed asset base of Rs. 3,639.9 crore in Q1 FY2026.

### Key financial indicators (audited)

Mizuho Capsave	FY2024	FY2025	Q1FY2026
Total income	328.1	399.3	111.5
PAT	78.3	95.4	28.6
Total managed assets	3,035.4	3,877.5	3,639.9
Return on managed assets	3.1%	2.8%	3.0%
Managed/Adjusted/Reported gearing (times)	2.4	2.4	2.1
Gross stage 3	1.0%	0.4%	0.4%
CRAR	26.9%	26.6%	29.0%

Source: Company, ICRA Research; Amount in Rs. crore

### Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Current (FY2026)			Chronology of rating history for the past 3 years								
			FY2026		FY2025		FY2024		FY2023		
Instrument	Type	Amount rated (Rs. crore)	Sep 24, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
NCD	Long term	200.00	[ICRA]AAA (Stable)	May 08, 2025	[ICRA]AAA (Stable)	Mar 14, 2025	[ICRA]AA+ (Stable)	-	-	-	-
NCD	Long term	250.00	[ICRA]AAA (Stable)	May 08, 2025	[ICRA]AAA (Stable)	Sep 09, 2024	[ICRA]AA+ (Stable)	Oct 13, 2023	[ICRA]AA+ (Stable)	-	-
	-	-	-	-	-	Sep 24, 2024	[ICRA]AA+ (Stable)	-	-	-	-
	-	-	-	-	-	Mar 14, 2025	[ICRA]AA+ (Stable)	-	-	-	-
NCD	Long term	100.00	[ICRA]AAA (Stable)	-	-	-	-	-	-	-	-
Commercial paper	Short term	100.00	[ICRA]A1+	May 08, 2025	[ICRA]A1+	Sep 09, 2024	[ICRA]A1+	Sep 29, 2023	[ICRA]A1+	-	-
	-	-	-	-	-	Sep 24, 2024	[ICRA]A1+	Oct 13, 2023	[ICRA]A1+	-	-
	-	-	-	-	-	Mar 14, 2025	[ICRA]A1+	-	-	-	-

### Complexity level of the rated instruments

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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
Yet to be placed	Commercial paper	-	-	-	100.00	[ICRA]A1+
INE0DBJ07184	Non-convertible debentures	Dec 23, 2024	8.35%	Dec 21, 2029	50.00	[ICRA]AAA (Stable)
INE0DBJ07192	Non-convertible debentures	Dec 30, 2024	8.35%	Dec 29, 2027	150.00	[ICRA]AAA (Stable)
INE0DBJ07218	Non-convertible debentures	Mar 20, 2025	8.30%	Mar 18, 2030	125.00	[ICRA]AAA (Stable)
Yet to be placed	Non-convertible debentures	-	-	-	225.00	[ICRA]AAA (Stable)

Source: Company

**Annexure II: List of entities considered for consolidated analysis**

Not applicable

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### Branches



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