

Capri Global counts on resilient biz model to beat NBFC sector slowdown blues

In 5 years aims to achieve a total AUM of over ₹220 billion & maintain 40-50% loan book growth annually; expand 245 branches from the current 82 branches

With non-bank lenders continuing to face higher borrowing costs and tighter availability of funding, they are facing questions about growth forecast and outlook. How do you see this affecting the sector?

NBFCs play an important role in sustaining consumption demand as well as capital formation. In a bid to address the stress in the sector, the government along with RBI has stepped in to support the stressed NBFCs with various reforms recently. The announcement of one-time six months partial credit guarantee to PSBs for the first loss to the extent of 10% to support a total investment of 1 lakh crore in financially stable NBFC is a positive step, as it will help the NBFCs to get credit and lend efficiently. Amidst all the chaos and the uncertainty on the macroeconomic front, NBFC sector has managed to deliver consistent growth year-on-year, as they play an important role in promoting financial inclusion in the country. The sector focuses on funding where there is a credit gap in under-served areas.

Capri Global have been consistently growing at a CAGR of ~40% on the back of our strong customer relationships, understanding of regional dynamics, well-developed recovery systems, personalized services and fast decision-making prototype. The role of NBFCs in complementing the banking sector to reach out the un-banked sections of society for credit is comprehensible. The ever-



Mr. Rajesh Sharma,
MD & Founder, Capri Global Capital Ltd

increasing credit demand from the hinterland of India will drive growth for the sector.

How is your company trying to overcome some of these challenges?

We have a resilient business model and have an undrawn liquidity worth ~INR 500 Cr. Our exposure to short term CP's and money market is nil. Our Optimal cash position on balance sheet and strong capital adequacy to support future growth has led to powerful liquidity position to protect against liquidity crunch. Our aim is to sustain the pace of growth. Our ability to innovate and customize products as per the client's needs allows us to deliver credit to MSMEs and affordable housing. These products will enable us to participate in the most promising growth areas of the economy.

Additionally, our loans are secured by collateral of either self occupies house or self occupied business premise and loan to

value is 50%. In the next 5 years we aim to achieve a total AUM of over INR 220 billion & maintain 40-50% loan book growth p.a and we plan to expand 245 branches from the current 82 branches.

The government also announced a ₹20,000 crore window for stuck housing projects - with Rs 10,000 crore coming directly from the government. Do you think it will have the desired impact on the sector?

Finance has been a major hurdle for several mid-income and affordable housing projects which are witnessing slow progress. The recent announcement will expedite completion of these projects thereby benefiting the buyers. The government is taking possible steps to stimulate the real estate sector and sending a clear message of the government's priority to revive the sector and meet the goal of 'Housing for All by 2022'. We

have always supported the PMAY campaign throughout and such steps are very beneficial for our customers, who can fulfill their dream of buying a home more easily, especially in Tier II and Tier III regions.

Where do you see some potential and a silver lining for near future? Is it the affordable housing segment as many experts claim it to be?

The NBFC sector continues to remain at the forefront in driving new credit disbursements for the country's under-served market. Even the MSME segment has the equal potential to grow. Case in example, a decade ago, MSME would turn to the traditional banks or to niche specialists for sources of finance. Each small business owners have unique necessities but has single need – working capital finance, many of which are not addressed by traditional banking propositions. With increased competition and technological advances, MSMEs have a greater appetite for better service and provision of products tailored to their needs. As the number of MSMEs continues to grow, we will see demand increasing for lending products. On other hand, growing population has large demand for housing and minimal formal financing. Owning a home is slowly becoming a reality with path breaking initiatives towards affordable housing and is expected to further augment the demand for credit and set a strong growth opportunity for NBFCs. ●