

Baid Finserv Limited

October 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	305.00 (Enhanced from 285.00)	CARE BBB; Positive / CARE A3	Reaffirmed; Outlook revised from Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Rating reaffirmation to Baid Finserv Limited's (BFL) bank facilities and revision in outlook on the long-term rating to Positive reflects CARE Ratings Limited's (CareEdge Ratings) expectation of sustained profitable growth supported by planned equity infusion of up to ₹35 crore in FY26. The ratings continue to favourably factor in the company's demonstrated track record complemented by resource raising ability and adequate profitability. Ratings continues to reflect the experience of its promoters in the lending sector, comfortable capitalisation and an adequate liquidity position.

However, these strengths are partly offset by product and geographic concentration, moderately seasoned loan book, and asset quality pressures due to exposure to a relatively vulnerable borrower segment—reflecting industry-wide trends of overleveraging and rapid growth. Going forward, while the credit costs are expected to inch up in the near term, the company's ability to raise additional equity capital and maintain adequate liquidity buffers shall continue to be key monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Substantial and granular loan portfolio growth while maintaining stable asset quality with net non-performing assets (NNPA) of less than 2%.
- Maintaining stable profitability metrics with return on total assets (ROTA) above 2% on a sustained basis.
- Significant improvement in the net worth position to fund future growth.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Deterioration in the asset quality with gross non-performing assets (GNPA) remaining above 4% on a sustained basis.
- Delay in equity infusion plans; with overall gearing remaining over 3x on a sustained basis.
- Inability to scale up its business operations on a sustained basis.

Analytical approach: Standalone

Outlook: Positive

The outlook has been revised from "Stable" to "Positive" based on expectations of sustained profitable growth, supported by planned equity infusion while maintaining adequate capitalisation buffers.

The outlook shall be revised to "stable" in case of any significant deviation in the growth plans and profitability and/or delay in planned equity infusion as envisaged.

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

Detailed description of key rating drivers:

Key strengths

Experienced promoters

Panna Lal Baid and third generation, Aman Baid, looks after the operations, credit, collection for the vehicle portfolio and Aditya Baid looks after the company's loan against property/small and medium-sized enterprise (LAP/SME) portfolio. Aman Baid and Aditya Baid have been associated with the company for over a decade. The strategic decision making is entirely promoter centric. The promoters are supported by management team with relevant domain experience.

Adequate profitability metrics

The company's disbursements remained range bound ~₹180 crore for FY25 against ~₹179 crore for FY24 due to cautious lending given the rising stress in the industry considering overleveraging and rapid industry growth. However, uptick in the disbursement was observed in Q1FY26 with disbursement of ₹53 crore. Consequently, the assets under management (AUM) increased from ₹368 crore as on March 31, 2024, to ₹397 crore as on March 31, 2025, and increased further to ₹410 crore as on June 30, 2025

Yield on advances improved from 17.13% in FY24 to 17.78% in FY25, and further to 19.01% in Q1FY26, primarily driven by an increasing share of vehicle loan in the portfolio. Net interest margin (NIM) remained range bound at 8.60% in FY25 and improved to 9.46% in Q1FY26, considering increase in income from investments. Operating expenses remained high in FY25 at 7.61% (PY: 6.02%) and further increased to 8.29% in Q1FY26, on account of continued expansion in the existing and newer geographies as well as increase in employee head count. The company's credit costs increased to 0.74% in Q1FY26 considering increased slippages and portfolio seasoning. Owing to these factors, return on total assets (ROTA) moderated in FY25 to 3.06% (P.Y: 3.37%) and further improved to 3.44% in Q1FY26.

CareEdge Ratings expects BFL's ROTA to maintain in the range of 3x to 3.5x in FY26 supported by the healthy growth momentum.

Comfortable capital structure

In Q1FY26, the company received ₹4.50 crore against the total ₹18 crore worth of share warrants issued. The balance is expected to be infused progressively over the subsequent years, strengthening the capital base. The company has also filed an application with the regulator seeking in-principle approval for a proposed rights issue of up to ₹35 crore to be raised in H2FY26.

The company had adequate capitalisation with a tangible net-worth (TNW) base of ₹178.85 crore as on March 31, 2025, against ₹166.62 crore as on March 31, 2024, which further increased to ₹187.37 crore as on June 30, 2025, owing to internal accruals and equity infusions at regular intervals. The company has adequate capitalisation level with capital adequacy ratio (CAR) of 43.69% as on March 31, 2025 (March 31, 2024: 45.64%), with Tier-I CAR at 41.46% (March 31, 2024: 43.50%) and the CAR stood at 43.30% with Tier-I CAR at 41.06% as on June 30, 2025.

As on June 30, 2025, BFL's resource profile is diversified with funding share from private banks at 20.1% (PY: 15.3%), PSU banks at 28.6% (PY: 32.6%), non-banking finance companies (NBFCs) at 39.7% (PY: 46.1%), small finance banks at 7.6% (PY: 6.1%), and others at 4.0% (PY: 0%). Top 10 borrowings accounted for 47% of the total borrowings profile as on March 31, 2025.

CareEdge Ratings expects that BFL will continue to have comfortable capital structure in the near-to-medium term. Any delay in raising the planned equity would affect business growth and hence would remain a key monitorable.

Key weaknesses

Moderate, albeit improving product and geographical concentration

BFL's loan portfolio is concentrated with MSME financing dominating the mix at 65% as on June 30, 2025 (March 31, 2025: 67% and March 31, 2024: 80%), followed by vehicle financing – 32% (March 31, 2025: 33% and March 31, 2024: 20%) and business loan – 3%. Within MSME financing segment, the company has average ticket size ranging between ₹7 lakh - ₹10 lakh. In Q1FY26, the company also started disbursing loans to NBFCs, which stood at 3% of the overall AUM.

While BFL has been growing at consistent 5-year compound annual growth rate (CAGR) of 17%, it continues to have moderate scale of operations in MSME financing and wheels segments. The company's AUM grew by 8% from ₹368 crore as on March 31, 2024, to ₹397 crore as on March 31, 2025, which further increased to ₹411 crore as on June 30, 2025. Despite this growth, its overall market presence remains moderate, with operations concentrated in three states. The company is planning to expand its footprint in Maharashtra in Q2 FY26, with existing presence in Rajasthan (73.13%), Madhya Pradesh (22.29%), and Gujarat (4.57%).

While CareEdge Ratings notes BFL's rising disbursements and diversification efforts in the recent quarters, the company's ability to keep asset quality under control amid scale-up will remain a key monitorable.

Moderate asset quality and exposure to relatively riskier borrower segment:

The company provides finance majorly to small traders, farmers, and small business owners. The profile of BFL's customers thus remain a concern as they remain more vulnerable to economic shocks. Thus, the potential portfolio vulnerabilities remain relatively high. BFL primarily operates in high yield used vehicle (average ticket size up to ₹10 lakh) and MSME financing (average ticket size up to ₹25 lakh) which constituted 97% of the portfolio as on June 30, 2025 (March 31, 2025: 100%). CareEdge notes that these segments have been witnessing rise in delinquencies owing to borrower vulnerability caused by overleveraging, economic downturns and general portfolio seasoning amid rapid industry growth. Consequently, GNPA and NNPA increased from 2.61% and 0.36% in FY24 to 2.73% and 0.29% respectively in FY25, it further increased to 3.23% and 0.81% respectively in Q1FY26.

With a view to mitigate risk, the company has been increasing its stage 3 provisioning cover over the years from 36.16% as on March 31, 2024 (As on March 31, 2023: 32.34%) to 41.47% as on March 31, 2025, and increased it further to 45.85% as on June 30, 2025. With a majority of BFL's portfolio being secured in nature through property mortgages (SORP/SOCP) and vehicles, the company benefits from reduced loss risk in case of delinquencies compared to unsecured lending.

While CareEdge Ratings expects asset quality to remain rangebound in FY26, it remains a key monitorable given the borrower profile. BFL's consistent track record in maintaining adequate asset quality and provisioning provides comfort.

Liquidity: Adequate

As on June 30, 2025, the company had adequate liquidity with no cumulative mismatches across all time buckets. CareEdge Ratings takes note of BFL's liquidity policy, which ensures that the company maintains sufficient cash reserves to cover at least two months of operating expenses and debt obligations. BFL reported cash and cash equivalent (unencumbered) of ₹23.89 crore as on June 30, 2025, and receivable from loan book (including interest) of ₹219 crore against the debt repayment obligation (including interest) of ₹144 crore for the next one year. The company also had unutilised bank lines of ₹15 crore as on June 30, 2025, as an additional cushion to the liquidity.

The company's ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Short Term Instruments](#)

[Non Banking Financial Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial Services	Financial Services	Finance	Other Financial Services

Baid Finserv Limited (BFL) is a Jaipur-based NBFC, established in 1991 and registered with RBI since 1998. It offers LAP, SME, and vehicle loans. BFL started LAP/SME loans in 2015 and reached ₹100 crore AUM in 2016. As on March 31, 2025, its AUM stood at ₹397 crore. The company is classified under RBI's "Base Layer" as per 2023 regulations.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	June 30, 2025 (UA)
Total income	66.36	82.55	23.91
PAT	12.92	13.45	4.02
Interest coverage (times)	1.78	1.62	1.67
Total Assets*	425.96	453.87	481.29
Net NPA (%)	0.36	0.29	0.81
ROTA (%)	3.37	3.06	3.44

A: Audited UA: Unaudited; Note: these are latest available financial results. *Net of deferred tax assets and Intangible assets.

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
Fund-based-LT/ST		-	-	-	305.00	CARE BBB; Positive / CARE A3

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/ST	LT/ST	305.00	CARE BBB; Positive / CARE A3	-	1)CARE BBB; Stable / CARE A3 (01-Oct-24)	1)CARE BBB; Stable / CARE A3 (04-Oct-23)	1)CARE BBB; Stable / CARE A3 (21-Sep-22) 2)CARE BBB; Stable / CARE A3 (02-Aug-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short 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	Fund-based-LT/ST	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

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Priyesh Ruparelia Director CARE Ratings Limited Phone: 022-67543593 E-mail: Priyesh.ruparelia@careedge.in
Relationship Contact Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in	Aditya R Acharekar Associate Director CARE Ratings Limited Phone: +91-22-6754 3528 E-mail: aditya.acharekar@careedge.in
	Akshit Subhash Vora Lead Analyst CARE Ratings Limited E-mail: akshit.vora@careedge.in

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