

Red Fort Capital Finance Company Private Limited

October 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	50.00	CARE BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the long-term bank facilities of Red Fort Capital Finance Company Private Limited (RFCF) has been reaffirmed at 'CARE BBB-; Stable'. Rating continues to derive strength from strong promoter with established institutional relationships, predominantly secured nature of loan portfolio, comfortable capital adequacy, low leverage and adequate liquidity position. However, the rating remains constrained by modest scale of operations, limited operating track record, concentration in its loan and funding profile and deterioration in asset quality during FY25 and Q1FY26.

CARE Ratings Limited (CareEdge Ratings) has taken note of deterioration in asset quality, with gross non-performing assets (GNPA) increasing to 10.72% in Q1FY26 from 2.95% in FY24. Nevertheless, as nearly 80% of RFCF's portfolio is secured with adequate collateral coverage, recovery prospects remain reasonable. The promoter has also articulated a commitment to extend financial support, in the form of both debt and equity infusion, as required, to support business continuity. Despite this, any further weakening in asset quality—particularly if accompanied by delays or shortfalls in recoveries—will remain a 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:

- Significant increase in scale of operations with comfortable asset quality.

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

- Lack of improvement in asset quality impacting profitability metrics.
- Significant increase in leverage beyond 2x on a sustained basis.
- Significant reduction in the shareholding of promoter and/or moderation in the expected support from promoter.

Analytical approach: Standalone

CareEdge Ratings has analysed standalone business profile of RFCF considering its linkages with the promoter, given the support received through capital infusions and management involvement.

Outlook: Stable

The stable outlook reflects the expectation that RFCF will continue to receive timely support from its promoter, whenever required, and that its capital adequacy will remain comfortable. The company is also expected to scale up its operations as planned while maintaining healthy profitability metrics. However, any deterioration in asset quality remains a key credit concern and will be a critical factor to monitor going forward.

Detailed description of key rating drivers:

Key strengths

Strong promoter linkage

Mr. Parry Singh is the Founder, Managing Director and Chief Executive Officer (CEO) of RFCF. He holds 100% direct and indirect shareholding in the company. Mr Singh is an MBA graduate from Kellogg, Northwestern University, and an entrepreneur who has founded, led, and built companies including Red Fort Capital, EthnicGrocer.com, and CarDr.com, among others.

Prior to Red Fort Capital, Mr. Parry Singh served as Managing Partner of American Capital Realty, overseeing more than US\$400 million in real estate transactions in the commercial and residential markets in North America. He founded Red Fort Capital (the Group) in 2004 and has managed assets worth US\$1.3 billion with private equity funds RFIRE I and RFIRE II. Mr. Parry Singh has long-standing relationships with global institutional investors including GIC Private Limited, Qatar Investment Authority (QIA), Abu Dhabi Investment Authority (ADIA), Franklin Templeton Investments, Gothaer Asset Management, Allstate, and New Zealand Superannuation Fund, among others. Through Red Fort Capital, the company has made 45+ investments across the country. He is supported by a team of well-qualified professionals overlooking the company's day-to-day operations.

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

CareEdge Ratings expects that RFCF will continue to benefit from capital support and strategic guidance from its promoter. This backing is likely to remain a critical enabler for the company's growth trajectory, and its continuity will be an important factor as a key sensitivity.

Comfortable capital adequacy levels

RFCF's capital adequacy ratio (CAR) stood comfortable at 60.65% as on June 30, 2025 (as against 57.81% as on March 31, 2025, and 70.28% as on March 31, 2024) well above the regulatory requirements of 15%. This indicates a strong capital cushion to support business growth. Additionally, a fresh capital infusion of ₹4.06 crore in FY25 by the promoter demonstrates the promoter's continued confidence in the business prospects.

Overall gearing stood comfortable at 0.46x as on June 30, 2025, as against 0.53x as on March 31, 2025 (FY24: 0.40x). The gearing is expected to increase further with increase in scale of operations. Furthermore, the management has set an internal gearing ceiling of 2x.

Predominantly secured nature of loan portfolio

RFCF is primarily in the business of lending money to micro, small and medium enterprises (MSMEs) for business purposes. These loans are secured by residential and commercial property, hypothecation of stock and receivables, and personal guarantee of promoters among others. The company had commenced its lending operations by giving large ticket size secured loans to industrials and schools. However, in order to granularize the portfolio, it discontinued financing to industrials and schools, and began lending to the MSME segment instead.

Consequently, secured MSME loans constituted 83.40% of the portfolio as on March 31, 2025, and 80.68% as on June 30, 2025. Additionally, the proportion of loans backed by receivables (invoice discounting) increased from 16.60% as on March 31, 2025, to 19.31% as on June 30, 2025, reflecting the company's growing exposure towards invoice discounting.

Key weaknesses

Modest scale of operations with asset quality monitorable

RFCF commenced its lending operations in 2012; however, its scale of operations continues to remain modest, with an assets under management (AUM) of ₹118.89 crore as on March 31, 2025, and ₹114.31 crore as on June 30, 2025 (as against ₹79.72 crore as on March 31, 2024). That said, the company's operating track record remains limited, having executed only 120 deals aggregating to around ₹200 crore, since inception.

Asset quality has weakened, with gross and net non-performing assets (GNPA and NNPA) increasing to 10.72% and 7.35%, respectively, as on June 30, 2025, compared to 2.95% and 2.66% as on March 31, 2024. The elevated delinquencies are attributable to stress in select borrower accounts. Although company has not undertaken any loan write-offs since inception and has been able to recover dues from its NPA accounts.

Going forward, asset quality will remain highly sensitive to the income stability of borrower base, whose cash flows are vulnerable to economic shocks. While RFCF's relatively high lending yields provide some buffer to absorb credit costs, meaningful improvement in asset quality and recoveries will be critical.

Concentrated loan portfolio

RFCF is primarily engaged in providing secured loans for purchase of machinery, working capital needs, construction among others. As on June 30, 2025, RFCF's loan portfolio remained concentrated albeit reducing with top 20 customers constituting of 55.82% of the AUM (FY24: 91%). The company also has 2x-3x security against the same. In FY24, the company has also started with invoice discounting, consisting 19.30% of current AUM as of June 2025. However, the primary emphasis will be on secured MSME lending, with an additional focus on further granularizing the portfolio.

Concentrated resource profile

Until September 2022, the company's resource profile remained highly concentrated, with no external borrowings apart from promoter funding. However, during the second half of FY23, RFCF began leveraging its balance sheet by availing a ₹20 crore term loan from the State Bank of India. In Q1FY24, the company further diversified its funding base by securing term loans from two NBFCs — IKF Finance Limited and Usha Financial Services Private Limited. Subsequently, up to June 30, 2025, RFCF raised an additional ₹35.5 crore through a mix of bank loans, NBFC borrowings, and non-convertible debentures (NCDs). Average cost of funds for these fixed-rate term loans and NCDs reflected relatively higher cost of incremental borrowings in the current interest rate environment.

As on June 30, 2025, approximately 38% of total borrowings were under covenant breach, though no lenders have invoked acceleration clauses and temporary waivers have been granted until the next review cycle. Any acceleration of debt repayment obligations could, however, strain RFCF's liquidity position and remains a key monitorable.

Going forward, the company's ability to raise funds at competitive rates and further diversify its liability profile will remain a key monitorable.

Liquidity: Adequate

As on June 30, 2025, the company's overall liquidity is adequate with free cash and bank balances of ₹4.19 crore. This is further supported by inflows (excluding interest) from advances to the tune of ₹51 crore in the next one year. Against this, it has debt obligations (excluding interest) of ₹21 crore in next one year as on June 30, 2025.

Applicable criteria
[Definition of Default](#)
[Rating Outlook and Rating Watch](#)
[Financial Ratios - Financial Sector](#)
[Non Banking Financial Companies](#)
About the company and industry**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

Incorporated on September 29, 1995, RFCF (formerly known as Dahiya Finance and Leasing Private Limited) is registered as a non-public deposit accepting non-banking financial company (NBFC) in accordance with the guidelines of Reserve Bank of India (RBI). The company was acquired by Mr. Parry Singh in 2011. Its operations commenced in 2012. RFCF is primarily into providing secured business loans to MSMEs for purchase of equipment and working capital needs. However, it has other product segments in its foray as well. The company has an AUM of ₹114.31 crore as on June 30, 2025.

Standalone financials of RFCF

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	June 30, 2025 (UA)
Total income	17.24	21.70	6.27
PAT	4.11	4.80	1.53
Interest coverage (times)	2.60	2.44	2.76
Total Assets	90.39	116.80	113.18
Net NPA (%)	2.66	6.24	7.35
ROTA (%)	4.67	4.63	5.32 [^]

A: Audited UA: Unaudited; Note: these are latest available financial results

[^]This ratio has been annualised

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-Long Term	-	-	-	31-08-2027	23.13	CARE BBB-; Stable
Fund-based-Long Term (Proposed)	-	-	-	-	26.87	CARE BBB-; Stable

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-Long Term	LT	50.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (27-Aug-24)	1)CARE BBB-; Stable (21-Jul-23)	1)CARE BBB-; Stable (29-Jul-22)

LT: Long 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-Long Term	Simple

Annexure-5: Lender detailsTo 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.

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