Dar Credit & Capital Limited (Revised)

January 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	162.00	CARE BBB-; Stable	Reaffirmed
Non-convertible debentures	50.00	CARE BBB-; Stable	Assigned
Non-convertible debentures	25.00	CARE BBB-; Stable	Reaffirmed
Non-convertible debentures	-	-	Withdrawn
Non-convertible debentures	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CareEdge Ratings Limited (CareEdge) has assigned a rating of "CARE BBB-; Stable" to the proposed long-term instruments of Dar Credit and Capital Limited (DCCL) while re-affirming ratings assigned to existing facilities and instruments.

Ratings assigned to bank facilities/instruments of DCCL continues to favourably factor in comfortable capital structure, which was strengthened by a ₹23.05 crore equity raise in Q1FY26, and its adequate liquidity profile. CARE Ratings Limited (CareEdge Ratings) expects the company to report a healthy growth in assets under management (AUM) in FY26, considering its supportive gearing levels.

However, ratings, remain constrained by DCCL's small scale of operations with high geographical concentration, exposure to relatively riskier borrower segment and rising delinquencies in recently originated micro, small and medium enterprise (MSME) portfolio. Going forward, the company's ability to keep asset quality under control while maintaining its capitalisation and liquidity remains a key monitorable.

CareEdge has also withdrawn rating assigned to non-convertible debentures bearing ISIN number INE04Q907066 and INE04Q907082 on account premature redemption of the aforementioned instruments on December 10, 2025.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to significantly scale up revenues and secure long-term funding at competitive rates.
- Improvement in profitability with return on total managed assets (ROMA) above 3.00% on a sustained basis.

Negative factors

- Inability to raise resources to fund revenue growth.
- Deterioration in liquidity position.
- Deterioration in asset quality with gross non-performing assets (GNPA; 90+ days past due [dpd]) above 3.00%.
- Significant deterioration in its profitability with ROMA below 1% on a sustained basis.

Analytical approach:

Standalone

Outlook: Stable

The 'Stable' outlook reflects CareEdge Ratings' expectation of consistent and profitable business growth, considering fund raising while maintaining adequate liquidity buffers.

Detailed description of key rating drivers:

Key strengths

Experienced management team with long standing track record of operations

DCCL is jointly promoted and managed by Ramesh Kumar Vijay (Chairman) and his brother Rajkumar Vijay (Wholetime Director). Ramesh Kumar Vijay, a qualified CA and CS, has overall experience of around four decades while Rajkumar Vijay, an MBA (Finance), has overall experience of over three decades in financial sector. Incorporated in 1994, the company has a long track record of over three decades. As on March 31, 2025, DCCL has presence in 35 locations across Rajasthan, Gujarat, West Bengal,

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

Madhya Pradesh, Chhattisgarh, Bihar and Jharkhand. DCCL's loan portfolio is moderately diversified with personal loan to individuals (mainly class IV municipal employees – cleaners, sweepers and peons) comprising 45% (PY: 41%), unsecured MSME loans (micro loans) – 38% (PY: 39%) and secured MSME loans – 17% (PY: 6%) of total AUM as on March 31, 2025.

Comfortable capital structure supported by recent equity raise

In Q1FY26, company raised capital of ₹23.05 crore through initial public offer, augmenting its net worth to ₹99.39 crore as on September 30, 2025 (PY: ₹69.27 crore) The company has adequate capitalisation level with capital adequacy ratio (CAR) of 38.78% as on March 31, 2025 (March 31, 2024: 36.79%), with Tier-I CAR being 37.96% (March 31, 2024: 32.64%) and further improved to 47.32% with Tier-I CAR at 46.51% as on September 30, 2025. Supported by recent equity raise, DCCL's gearing improved from 2.51x as on March 31, 2024, to 1.97x as on March 31, 2025, and further to 1.54x as on September 30, 2025. Going forward, the management intends to keep gearing in range of 2-2.5x in the medium term.

Key weaknesses

Modest and concentrated scale of operations

DCCL was incorporated in 1994 and received license to operate as an NBFC from RBI in November 1998. Despite long track record of operations, DCCL's remains relatively small sized NBFC with AUM of ₹200.75 crore as on September 30, 2025 (March 31, 2025: ₹187.89 crore). The company mainly provides unsecured loans to low-income customers in rural and semi-urban areas, which is 72% of AUM as on September 30, 2025, with the remaining being secured MSME loans backed by property mortgages. Its portfolio is geographically concentrated in West Bengal and Rajasthan with share of 52% and 27% (as a percentage of loan book) respectively as on September 30, 2025, which exposes the company to region specific risk.

Exposure towards unsecured and relatively riskier borrower segment

The company's asset quality is exposed to risks arising from unsecured loan portfolio and due to exposure to customers having greater vulnerability to economic shocks. As on September 30, 2025, unsecured loans to municipal employees comprised 39% of AUM while micro loans comprised 33% of AUM. Under the municipal loan segment, the company has tie-up with 60-70 municipalities. Although these loans are completely unsecured in nature, the company has demonstrated track record of minimal asset quality issues in this segment given the arrangement with municipalities, where loan equated monthly instalments (EMIs) are directly deducted from employee salaries before payout. While this arrangement provides some comfort in terms of collection, recoveries are sometimes delayed due to administrative and operational issues, resulting in a rise in non-performing assets (NPAs) in the interim period.

GNPA in personal loans to municipal employees segment as on September 30, 2025, stood at 1.26% (September 2024: 0.62%) against stood at 0.45% as on March 31, 2024 (March 2023: 0.78% and March 2022: 0.55%). As on March 31, 2025, micro loans accounted for 50% of DCCL's overall disbursement, with a major presence in eastern India, particularly West Bengal. Micro loans are largely targeted towards small business entrepreneurs (individual borrowers, not groups) and better customer base compared to other non-banking financial company – micro finance institutions (NBFC-MFIs). The secured MSME segment grew in the last few years with portfolio growing from ₹9.86 crore as on March 31, 2024, to ₹29.69 crore as on March 31, 2025, and further to ₹42.77 crore as on September 30, 2025. The company faced asset quality challenges in secured MSME and micro loan segments, driven by general rise in industry wise delinquencies driven by borrower overleveraging, which resulted into increase in GNPA levels for secured MSME loan segment and micro loans. Asset quality stress in secured MSME and micro loan segments were largely concentrated in eastern India, particularly West Bengal. Overall GNPA and net NPA (NNPA) increased to 1.26% and 0.53%, respectively as on September 30, 2025 (September 30, 2024: GNPA: 0.82% and NNPA: 0.29%). Going forward, given the unseasoned nature of MSME portfolio, the company's ability to maintain asset quality and control credit costs remains a key monitorable.

Moderate-yet-improving profitability

In FY25, the company's retail portfolio increased by 16% due to higher lending in secured MSME segment. Despite retail portfolio growth, overall loan portfolio growth slowed down to 3.48% (PY: 43.69%) as company replaced loans given to Hiveloop customers with self-originated retail loans. In H1, the company's disbursements slowed to ₹51.80 crore (PY: ₹87.24 crore) considering cautious lending by the company. Further, post introduction of revised guardrails for MFI institutions the company stopped lending to over leverage customer, who already have funding from three lenders. The company's yield on advances increased to 20.97% in FY25 against 19.38% driven by higher yield in the product mix. Excluding impact of loans given to Hiveloop clientele, the portfolio yield for FY25 is calculated at 22.62%. Despite geographical and product expansion in FY25, DCCL improved operational efficiency supported stable opex cost. Improved net income margin (NIM) and stable credit cost resulted improvement in ROMA to 2.90% in FY25 compared to 1.70% in FY24. Profitability continued to be moderate in H1FY26 with ROMA of 3.78% (annualised).

The company's ability to manage its credit costs and profitability while scaling up of operations will continue to remain a key monitorable.

Liquidity: Adequate

As on September 30, 2025, the company had adequate liquidity position with no cumulative mismatches in all time buckets. DCCL reported cash and cash equivalent (unencumbered) of ₹31.99 crore as on September 30, 2025, and receivable from loan book (including interest) of ₹108.83 crore against the debt repayment obligation (including interest) of ₹97.52 crore for the next one year. The company also has unutilised bank sanction lines ₹7.00 crore as on September 30, 2025, as an additional cushion to the liquidity.

The company's ratings do not factor in rating-related trigger clauses per 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
Withdrawal Policy
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)

DCCL is a Jaipur-based Reserve Bank of India (RBI) registered non-deposit taking NBFC, engaged in financing of unsecured loans to individuals and small enterprises. DCCL was incorporated in 1994 by promoters Ramesh Kumar Vijay and Rajkumar Vijay as a closely held public limited company and received the license to operate as an NBFC from RBI in November 1998. DCCL's head office is situated in Kolkata while regional office is at Jaipur. As on March 31, 2025, it has presence in 35 locations across Rajasthan, Gujarat, West Bengal, Madhya Pradesh, Chhattisgarh, Bihar and Jharkhand. The company's loan portfolio encompasses unsecured loans to municipal loans and micro loans, secured MSME financing.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total income	32.86	41.39	23.01
Profit after tax (PAT)	3.69	7.04	4.52
Assets under management (AUM)	181.57	187.89	200.75
On-book gearing (x)	2.51	1.98	1.54
AUM / tangible net-worth (TNW) (x)	2.73	2.56	2.02
Gross non-performing assets (NPA) / gross stage 3 (%)	0.55	1.11	1.26
Return on managed assets (ROMA) (%)	1.74	3.07	3.78
Capital adequacy ratio (CAR) (%)	36.79	38.78	47.32

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

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
Debentures-Non Convertible Debentures	INE04Q907066	12-Feb-2021	12.25%	10 February 2026	0.00	Withdrawn
Debentures-Non Convertible Debentures	NE04Q907082	12-Feb-2021	12.25%	10 February 2026	0.00	Withdrawn
Debentures-Non Convertible Debentures	NA*	NA	NA	NA	50.00	CARE BBB-; Stable
Debentures-Non Convertible Debentures	NA*	NA	NA	NA	5.00	CARE BBB-; Stable
Debentures-Non Convertible Debentures	INE04Q907090	19-Sep-25	12.00%	19-03-2027	10.00	CARE BBB-; Stable
Debentures-Non Convertible Debentures	INE04Q907108	11-Dec-25	12.25%	10-12-2027	10.00	CARE BBB-; Stable
Fund-based - LT-Cash Credit	-	-	-	-	2.00	CARE BBB-; Stable
Fund-based - LT-Term Loan	-	-	-	30-09-2027	160.00	CARE BBB-; Stable

*Not placed yet, NA: Not available

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-Cash Credit	LT	2.00	CARE BBB-; Stable	1)CARE BBB-; Stable (20-Aug-25)	1)CARE BBB-; Stable (24-Dec-24)	1)CARE BBB-; Stable (27-Dec-23)	1)CARE BBB-; Stable (02-Jan-23)
2	Fund-based - LT-Term Loan	LT	160.00	CARE BBB-; Stable	1)CARE BBB-; Stable (20-Aug-25)	1)CARE BBB-; Stable (24-Dec-24)	1)CARE BBB-; Stable (27-Dec-23)	1)CARE BBB-; Stable (02-Jan-23)
3	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (24-Dec-24)	1)CARE BBB-; Stable (27-Dec-23)	1)CARE BBB-; Stable (02-Jan-23)
4	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (24-Dec-24)	1)CARE BBB-; Stable (27-Dec-23)	1)CARE BBB-; Stable (02-Jan-23)
5	Debentures-Non Convertible Debentures	LT	-	-	1)CARE BBB-; Stable (20-Aug-25)	1)CARE BBB-; Stable (24-Dec-24)	1)CARE BBB-; Stable (27-Dec-23)	1)CARE BBB-; Stable (02-Jan-23)
6	Debentures-Non Convertible Debentures	LT	-	-	1)CARE BBB-; Stable (20-Aug-25)	1)CARE BBB-; Stable (24-Dec-24)	1)CARE BBB-; Stable (27-Dec-23)	1)CARE BBB-; Stable (02-Jan-23)
7	Debentures-Non Convertible Debentures	LT	25.00	CARE BBB-; Stable	1)CARE BBB-; Stable (20-Aug-25)	-	-	-
8	Debentures-Non Convertible Debentures	LT	50.00	CARE BBB-; Stable				

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	Debentures-Non Convertible Debentures	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Fund-based - LT-Term Loan	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.

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