Dhana Capital and Finance Limited

July 27, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Short Term Bank Facilities	RBI	6.00	CARE A4; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.
*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) had, vide its press release dated March 17, 2022, placed the rating of Dhana Capital and Finance Limited (Dhana Capital) under the 'issuer not cooperating' category as the company failed to provide information for monitoring of the rating. Dhana Capital continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls, and emails dated June 29, 2026, June 19, 2026, and June 09, 2026. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CareEdge Ratings has reviewed the rating on the basis of the best available information which, however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are, hence, requested to exercise caution while using the above rating.

Rating assigned to the short-term bank facility of Dhana Capital and Finance Limited is constrained by weak asset quality, small scale of operations and regional concentration of portfolio, exposure to relatively riskier borrower segment and concentrated resource profile. However, rating draws strength from experienced promoters with long track record of operations, fairly managed systems and process, adequate capitalisation and moderate profitability

Analytical approach: Standalone

Detailed description of key rating drivers

At the time of last rating on July 24, 2025, the following were rating strengths and weaknesses (updated for the information available from Registrar of Companies (FY25 (refers to the period April 01 to March 31) audited financials):

Key weaknesses

Weak Asset Quality
Gross non-performing assets (GNPA) and net NPA (NNPA) stood at 18.27% and 16.30% as on March 31, 2024, as against 21.38% and 19.69% as on March 31, 2023. Overall GNPA stood at ₹2.93 crore as on March 31, 2024, as against ₹3.31 crore as on March 31, 2023.

Small scale of operations and regional concentration of portfolio
Despite having a track record of more than three decades, the company's size remained small with loan portfolio outstanding of ₹18.71 crore as on March 31, 2025. The portfolio witnessed moderate growth over the years, as the company was focusing on catering to its well-known customers. The company's ability to improve its scale of operations while expanding in newer areas and acquiring new customers would be a key rating sensitivity.

Exposure to relatively riskier borrower segment
Dhana Capital is primarily lending to business finance needs of the unorganised MSME segment in semi-urban areas, which is characterised by marginal credit profile of borrowers and are not serviced by the banking sector. Since this segment is highly susceptible to the impact of economic downturn and asset quality is a key monitorable.

Concentrated resource profile
Dhana Capital depends primarily on promoter funding in the form of capital and bank borrowings from one bank till FY23. The company raised NCDs FY23 onwards and this is the major source of borrowings as on March 31, 2025. Initially, the company was lending with its own funds to its customers, but as the loan portfolio grew, it started to borrow from other sources.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Key strengths

Experienced promoters with long track record of operations

Dhana Capital was incorporated in 1985 having track record of more than three decades in the lending business, with 100% stake owned by promoters. The top management and board is completely held by promoter's family members. Apart from Dhana Capital, the promoters are involved in various business ranging from chit funds, education institutions, petrol bunks, hotels, and real estate, among others. Currently, Dhana Capital lends to known customers of promoters, whose contacts were developed through business transactions. The day-to-day operations are handled by Mr N R D Dhanapalan, Chairman and Managing director and Mr. N R D Prem Kumar, Executive Director.

Fairly managed systems and process

Dhana Capital lends to known customers of promoters, whose contacts were developed over the years through business transactions and referrals from existing customers. The company executives visit customer premises for due diligence and collect required documents. Based on their feedback, Chairman and Managing Director will approve the loan. 100% of the loans disbursements are done through bank accounts and collection is mostly done by cash. The company also collects through cheques from some of their customers.

Adequate capitalisation

CAR and Tier-I CAR stood at 54.30% and 53.05% as on March 31, 2025, from 59.79% and 58.56% as on March 31, 2024. The company's overall gearing remained at 0.80x as on March 31, 2025, as against 0.59x as on March 31, 2024. Current capitalisation levels are sufficient to fund the growth in the near term, however, regular capital infusion is required to scale up the operations further and to meet any change in the regulatory requirements.

Moderate profitability

The company reported PAT of Rs. 0.09 crore on total income of Rs. 2.27 crore in FY25 as against PAT of Rs. 0.09 crore on total income of Rs. 2.2 crore in FY24. NIM declined from 7.42% in FY24 to 5.02% in FY25. This is majorly because of the decline in yield. Opex(% of average total assets) decreased from 6.37% in FY24 to 5.46% in FY25. Credit cost stood at 0.05% in FY25 as compared to 0.47% in FY24.

Applicable criteria

Definition of Default
Information Adequacy Risk and Issuer Non-Cooperation
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	Non Banking Financial Company (NBFC)

Dhana Capital and Finance Limited is a non-Banking finance company incorporated in the year 1985. The company is promoted by Mr. N.R. Dhanapalan who along with his family members own 100% Stake. The company was initially incorporated as a private limited and later converted to public limited in 1996. Dhana Capital mainly lends to entrepreneurs in the small and medium enterprises (SME) segment, to meet their long-term/working capital requirements, who has limited access to formal lending. The company lends in the ticket size range of ₹1-20 lakhs with an interest rate of 18%-36%. As on March 31, 2025, the company has a loan book of ₹18.71 crore. The promoters are also involved in other business ranging from chit funds, education institutions, hospitality, petrol bunks, and real estate, among others.

Standalone Financials of Dhana Capital

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total income	2.59	2.20	2.27
Profit after tax (PAT)	0.23	0.11	0.09
Assets under management (AUM)	NA	NA	NA

On-book gearing (x)	0.54	0.59	0.80
AUM / tangible net-worth (TNW) (x)	NA	NA	NA
Gross non-performing assets (NPA) / gross stage 3 (%)	21.38	18.27	NA
Return on managed assets (ROMA) (%)	1.27	0.58	0.43
Capital adequacy ratio (CAR) (%)	62.43	59.79	54.30

A: Audited; NA: Not available; 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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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 - ST-Bank Overdraft	RBI	Simple	-		-	-	6.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

CareEdge RATINGS

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 2026-2027	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
1	Fund-based - ST-Bank Overdraft	ST	6.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (24-Jul-25)	1)CARE A4; ISSUER NOT COOPERATING* (08-Aug-24)	1)CARE A4; ISSUER NOT COOPERATING* (25-May-23)

*Issuer did not cooperate; based on best available information.
ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: 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

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About us:

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