Mahaveer Finance India Limited

July 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	16.69 (Reduced from 150.00)	CARE BBB+; Stable	Reaffirmed
Non-convertible debentures III	25.00	CARE BBB+; Stable	Reaffirmed
Non-convertible debentures IV	50.00	CARE BBB+; Stable	Reaffirmed
Non-convertible debentures V	155.00	CARE BBB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

Rationale and key rating drivers

Re-affirmation of ratings to bank facilities and debt instruments of Mahaveer Finance India Limited (MFIL) continue to factor in the company's long track of operations in vehicle finance business and stable capitalisation supported by continuous equity infusions. Rating also considers the improvement in scale of operations as assets under management (AUM) grew by 31% in FY26, from ₹1,007 crore as on March 31, 2025, to ₹1,324 crore as on March 31, 2026. The company's profitability strengthened modestly, with return on average total assets (ROTA) rising to 2.43% in FY26, from 2.31% in FY25, driven primarily by improved operational efficiency.

Ratings remain constrained by geographical concentration risk, relatively riskier asset class associated with riskier customer segment, moderate resource profile, and moderate asset quality with improvement in H2FY26. As on March 31, 2026, the company's gross non-performing assets (GNPA) and net non-performing assets (NNPA) improved to 3.80% and 2.56%, respectively, compared to 4.69% and 3.38%, as on March 31, 2025. Going forward, the company's ability to sustain asset quality and profitability will remain a key monitorable.

CareEdge Ratings takes note that the company has acquired the loan portfolio of RBSG Capital Private Limited (Automony) through a slump sale transaction valued at ~₹250 crore. The acquisition is expected to strengthen MFIL's presence in western India, particularly in Gujarat and Maharashtra, and is structured as an assets-only transaction with no assumption of liabilities.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained scaling-up of the business with significant growth in AUM, while also maintaining profitability and improving asset quality.
- Significant equity raise.

Negative factors

- Moderation in asset quality leading to decline in profitability with ROTA of below 1.5% on a sustained basis.
- Deterioration in capital adequacy levels with capital adequacy ratio (CAR) below 18% on a sustained basis.
- Weakening of liquidity position.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects likely continuation of stable credit profile with adequate capitalisation levels and stable profitability levels in the medium term.

[1]Complete 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

Long track record of the company's operations

MFIL has been operating in the commercial vehicle (CV) financing segment since 1987, with an established track record of over three decades. The company is promoted by Mahaveerchand Dugar, Executive Vice Chairman, who has over five decades of experience in the CV finance business.

Day-to-day operations are managed by his sons, Deepak Dugar, Managing Director and Chief Executive Officer, and Praveen Dugar, Deputy Managing Director and Chief Financial Officer. The board comprises nine directors, including three promoter directors, two independent directors, and four nominee directors. Among nominee directors, one represents Banyan Tree Capital, two represent First Bridge Investment Managers Private Limited, and one represents Elevation Capital Advisors Private Limited.

Comfortable capital position supported by equity infusions at regular intervals

The company reported CAR and tier 1 CAR of 39.08% and 37.56%, respectively, as on March 31, 2026, against 25.12% and 24.20%, as on March 31, 2025. CareEdge Ratings takes note of regular capital infusions in the company with the latest fresh infusion being ₹173.50 crore in Q1FY26, from existing and new investors.

Tangible net worth (TNW) improved from ₹215.10 crore as on March 31, 2025, to ₹417.20 crore as on March 31, 2026. Gearing improved from 3.60x as on March 31, 2025, to 2.23x as on March 31, 2026. With healthy internal accruals and equity infusion, capitalisation remains sufficient for near-term growth plans. CareEdge Ratings expects gearing to remain within 5x levels in the medium term.

Growing scale of operations

The company's AUM grew by 31% in FY26, from ₹1,007 crore as on March 31, 2025, to ₹1,324 crore as on March 31, 2026, while disbursements increased by 29% from ₹720 crore in FY25, to ₹930 crore in FY26. From FY21–FY26, the company registered a healthy compounded annual growth rate (CAGR) of 25%, reflecting sustained growth momentum.

Segment-wise in FY26, heavy commercial vehicle (HCV), light commercial vehicle (LCV), medium commercial vehicle (MCV), small commercial vehicle (SCV), and passenger vehicles (PV) segments recorded growth of 30%, 38%, 94%, 29%, and 22%, respectively, with continued focus across commercial and passenger vehicle segments. The company also expanded its presence in the construction equipment (CE) segment, which grew by 44% year-on-year. As on March 31, 2026, of the total AUM, HCV comprises 21%, CE 20%, Commercial Passenger Vehicle - 13-seater and above (CPV3) 16%, CAR (including commercial use) 16%, SCV 9%, LCV 8%, Commercial Passenger Vehicle - 1-to-5-seater (CPV1) 4%, MCV 4%, Commercial Passenger Vehicle - 6-to-12-seater (CPV2) 2%, and Tractor (TRC) 0.32%.

Operationally, the branch network increased to 107 from 73, and the employee base expanded to 887 from 598 between FY25 to FY26, supporting business growth. The company plans to grow its AUM by ~29% in FY27, supported by continued expansion; however, adverse impact arising from geopolitical developments may pose a challenge.

Relatively stable profitability levels

In FY26, MFIL reported a profit after tax (PAT) of ₹30 crore on a total income of ₹213 crore, compared to a PAT of ₹21 crore on a total income of ₹172 crore in FY25. Operating expenses as a percentage of average total assets improved to 5.00% in FY26, from 5.48% in FY25, reflecting enhanced operational efficiency despite expansion in branches and workforce. Credit costs rose to 0.97% in FY26, from 0.59% in FY25, though they remain comparatively low among industry peers. Consequently, ROTA improved to 2.50% in FY26, from 2.33% in FY25, supported by improved operating efficiency. Return on tangible net worth (RONW) stood at 9.46% in FY26, compared to 11.58% in FY25, due to recent capital infusion.

CareEdge Ratings expects profitability to remain stable in the medium term. The company's ability to manage operational costs and delinquencies while expanding its presence remains a key monitorable.

Adequate processes for current scale of operations

MFIL sources customers primarily through referrals from existing clients and its dealer network facilitated by branch managers. Credit appraisal is initiated at the branch level, with customer reports and original documents forwarded to the head office for evaluation. Loan approvals are granted per the defined credit matrix, with deviations requiring approval from the Managing Director. Loan sanctions are based on an internally developed grid, considering the manufacturer, model, and vintage of the

vehicle. The company has implemented an end-to-end Management Information System (MIS) with branch connectivity and has further strengthened its technology capabilities by developing an in-house tech stack to automate the credit underwriting process.

Key weaknesses

Geographical concentration risk

As on March 31, 2026, MFIL's operations remain geographically concentrated in Tamil Nadu, Andhra Pradesh, Telangana, and Pondicherry. The company operates through 107 branches, with Tamil Nadu accounting for 35 branches (March 31, 2025: 31), Andhra Pradesh 33 (March 31, 2025: 25), Telangana 26 (March 31, 2025: 15), and Pondicherry one branch. The company also entered Karnataka in FY25 and established 12 branches in FY26.

In terms of portfolio distribution, Tamil Nadu remains the largest contributor at 43% of AUM (PY: 46%), followed by Andhra Pradesh at 35% (PY: 37%), Telangana at 18% (PY: 15%), Pondicherry at 1% (PY: 2%), and Karnataka at 2%. The company plans to expand into Gujarat and Maharashtra in the near term, with the slump sale transaction further expected to strengthen its presence in Western India.

Moderate asset quality

The company's asset quality has improved; however, remains moderate, with GNPA and NNPA at 3.80% and 2.56%, respectively, as on March 31, 2026, compared to 4.69% and 3.38% as on March 31, 2025. Net write-offs stood at ₹6.63 crore in FY26 (PY: ₹2.95 crore), constituting 0.5% of the loan portfolio.

Delinquencies in softer buckets improved in H2FY26, after witnessing deterioration in H1FY26, with 0+ days past due (dpd) and 30+ dpd, declining to 18.03% and 9.35%, respectively, as on March 31, 2026, from 19.96% and 10.42% as on March 31, 2025, reflecting strengthened collection mechanisms.

However, repossessed assets increased to ₹20.01 crore (1.81% of advances) as on March 31, 2026, from ₹12.18 crore (1.44% of advances) as on March 31, 2025. The company's ability to manage delinquencies and maintain asset quality will remain a key monitorable.

Moderate resource profile

With scaling up of operations, MFIL has diversified its funding profile, reducing reliance on non-banking financial company (NBFC) borrowings, which declined to 30% of total borrowings as on March 31, 2026, from 32% a year earlier. Over this period, share of bank borrowings increased to 61% from 52%, Alternate Investment Fund (AIF) loans rose to 10% from 5%, and non-convertible debentures (NCDs) and subordinated debt increased to 13% from 11%. The onboarding of new banking partners supported a reduction in incremental cost of borrowings in FY26. However, despite progress in diversifying the funding mix, ability to secure funds at competitive rates remains a key monitorable.

Relatively riskier asset class

MFIL primarily lends against used CVs, which constitute a relatively riskier asset class given the limited residual life of the underlying assets. Its target segment largely comprises driver-turned-owners with limited or no formal income documentation, constrained repayment track record, and restricted access to formal banking channels. This segment remains inherently vulnerable to economic downturns, making asset quality a key monitorable. However, the management's long-standing experience and strong understanding of this customer segment provide a degree of comfort.

Liquidity: Adequate

Liquidity remains adequate with no negative cumulative mismatch in the asset liability maturity (ALM) in time brackets up to one year as on March 31, 2026. MFIL had unencumbered liquidity of ₹244.57 crore as on March 31, 2026. With majority loans, most AUM having a tenure of less than 36 months and with borrowings of similar tenure, ALM is adequate.

Ratings do not factor in rating-related trigger clauses per terms of facilities/instruments, which may involve acceleration of payments in case of rating downgrades.

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)

MFIL was incorporated in 1981 as NBFC - Asset Finance Company (Now NBFC - Investment and Credit Company). In 1987, the present management took over the company. The company is promoted by Mahaveerchand Dugar (executive vice chairman), who has over five decades' experience in vehicle finance. The company's day to-day operations are managed by his sons, Deepak Dugar and Praveen Dugar. As on April 30, 2026, 36.34% shareholding is held by promoters and their relatives, 20.10% by Banyan Tree Capital (and Growth Capital Fund), and 23.34% First Bridge India Growth Fund, 16% by Elevation Capital, and 0.68% by public and remaining are Employee Stock Option Plan (ESOP). MFIL is primarily engaged in financing CV, PV, and construction equipment vehicle (CEV) with average ticket size of ₹4.84 lakhs. Average interest rate is ~24% and loan tenor ranges between 24-60 months. MFIL has presence in Tamil Nadu, Andhra Pradesh, Pondicherry, Telangana, and Karnataka, through its 107 branches and an employee base of 887 as on March 31, 2026.

Brief Financials (₹ crore) (Standalone)	March 31, 2025 (A)	March 31, 2026 (A)
Total income	171.93	213.05
Profit after tax (PAT)	21.10	29.91
Assets under management (AUM)	1,007.28	1,323.96
On-book gearing (x)	3.60	2.23
AUM / tangible net-worth (TNW) (x)	4.68	3.18
Gross non-performing assets (NPA) (%)	4.69	3.80
Return on managed assets (ROMA) (%)	2.00	2.16
Capital adequacy ratio (CAR) (%)	25.12	39.08

A: Audited; 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 III	INE911L07089	15-Mar-2022	14%	28-Sep-2026	15.00	CARE BBB+; Stable
Debentures-Non-Convertible Debentures III	INE911L07147	30-Sep-2025	11.50%	31-Dec-2028	10.00	CARE BBB+; Stable
Debentures-Non-Convertible Debentures IV	INE911L07147	30-Sep-2025	11.50%	31-Dec-2028	50.00	CARE BBB+; Stable
Debentures-Non-Convertible Debentures V	INE911L07154	26-May-2026	11.20%	26-Nov-2029	65.00	CARE BBB+; Stable
Debentures-Non-Convertible Debentures V	Proposed	-	-	-	90.00	CARE BBB+; Stable
Fund-based-Long Term	-	-	-	September, 2027	16.69	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 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 - LT-Cash Credit	LT	-	-	-	1)Withdrawn (08-Jul-25)	1)CARE BBB+; Stable (24-Jul-24) 2)CARE BBB+; Stable (04-Jul-24)	1)CARE BBB; Stable (18-Jul-23)
2	Fund-based-Long Term	LT	16.69	CARE BBB+; Stable	1)CARE BBB+; Stable (19-May-26)	1)CARE BBB+; Stable (22-Sep-25) 2)CARE BBB+; Stable	1)CARE BBB+; Stable (24-Jul-24) 2)CARE BBB+; Stable	1)CARE BBB; Stable (18-Jul-23)

						(08-Jul-25)	(04-Jul-24)	
3	Debentures-Non-Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (18-Jul-23)
4	Debentures-Non-Convertible Debentures	LT	-	-	-	-	1)Withdrawn (04-Jul-24)	1)CARE BBB; Stable (18-Jul-23)
5	Debentures-Non-Convertible Debentures	LT	25.00	CARE BBB+; Stable	1)CARE BBB+; Stable (19-May-26)	1)CARE BBB+; Stable (22-Sep-25) 2)CARE BBB+; Stable (08-Jul-25)	1)CARE BBB+; Stable (24-Jul-24) 2)CARE BBB+; Stable (04-Jul-24)	1)CARE BBB; Stable (18-Jul-23)
6	Debentures-Non-Convertible Debentures	LT	50.00	CARE BBB+; Stable	1)CARE BBB+; Stable (19-May-26)	1)CARE BBB+; Stable (22-Sep-25)	-	-
7	Debentures-Non-Convertible Debentures	LT	155.00	CARE BBB+; Stable	1)CARE BBB+; Stable (19-May-26)	-	-	-

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	Complex
2	Debentures-Non-Convertible Debentures	Simple
3	Fund-based-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI

[2]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.

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

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

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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