Dar Credit & Capital Limited

August 10, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	162.00	CARE BBB-; Stable	Reaffirmed
Non-convertible debentures	SEBI	125.00	CARE BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed rating of "CARE BBB-; Stable" to existing bank facilities and debt instruments of Dar Credit & Capital Limited (DCCL).

Ratings reaffirmation continue to favourably factor in comfortable capital structure, which was strengthened by a ₹23.06 crore equity raise in FY26, and its adequate liquidity profile. The rating also favourably factors in experienced management team and long-standing track record of operations. CareEdge Ratings expects the company to continue with similar growth momentum in FY27, 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 early delinquencies in secured micro, small and medium enterprise (MSME) portfolio. The company also has a moderately diversified borrowing profile, with limited financial flexibility. Going forward, the company's ability to keep asset quality under control while maintaining adequate capitalisation levels and liquidity buffers by raising funds from diverse sources at competitive rates remains 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:

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

- 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 longstanding track record of operations

DCCL is jointly promoted and managed by Ramesh Kumar Vijay (Chairman; a qualified CA and CS) and his brother Rajkumar Vijay (Wholetime Director; an MBA [Finance]) since 1994, both having overall experience of over four decades in the financial sector. As on March 31, 2026, DCCL has presence in seven states with 35 branches across West Bengal, Rajasthan, Madhya Pradesh, Bihar, Jharkhand, Gujarat, and Chhattisgarh. DCCL's loan portfolio is moderately diversified with personal loan to individuals (mainly class IV municipal employees – cleaners, sweepers, and peons) comprising 36% (PY: 45%), unsecured MSME loans –

[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 ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

34% (PY: 38%) and secured MSME loans – 30% (PY: 17%) of total gross loan book as on March 31, 2026. CareEdge Ratings notes that the share of secured MSME loans has grown sharply in the recent past, and hence, remains largely unseasoned.

Comfortable capital structure supported by recent equity raise

In FY26, the company raised capital of ₹23.06 crore through initial public offer, augmenting its net worth to ₹103.28 crore as on March 31, 2026 (PY: ₹72.95 crore). The company has comfortable capitalisation level with capital adequacy ratio (CAR) of 41.03% as on March 31, 2026 (March 31, 2025: 38.78%), with Tier-I CAR being 40.31% (March 31, 2025: 37.96%). Supported by recent equity raise and healthy accruals, DCCL's gearing improved from 1.98x as on March 31, 2025, to 1.79x as on March 31, 2026. Going forward, the management intends to keep gearing at sub-2.5x levels in the medium term.

Improving profitability; sustainability yet to be seen

In FY26, DCCL reported ROMA of 3.76% in FY26, compared to 2.90% in FY25 due to improvement in net interest margins (NIMs) to 9.92% in FY26 from 7.59% in FY25, considering increase in the yields and moderation in the overall gearing, despite marginal increase in cost of funds.

The share of secured MSME loans in the portfolio increased significantly from 5.4% in FY24 to 28.9% in FY26. This shift towards higher-yielding secured MSME lending contributed to an improvement in the yield on advances, which rose to 22.57% in FY26, compared to 20.97% in FY25 and 19.38% in FY24.

The opex witnessed an uptick in FY26 to 5.85% from 5.20% in FY25, due to increase in the employee count from 223 as on March 31, 2025, to 325 as on March 31, 2026, mainly due to expansion of collection team and branch staff. Given the contractual benefit in the personal loan segment, small ticket size in the unsecured MSME portfolio with low tenor and unseasoned secured MSME book, credit cost for the company has been moderate at 0.10% in FY26 compared to 0.09% in FY25. CareEdge Ratings will continue to monitor performance of secured MSME segment as the asset class is relatively unseasoned and has been a key growth driver.

Key weaknesses

Moderate scale of operation with high concentration

DCCL was incorporated in 1994 and received license to operate as a non-banking financial company (NBFC) from Reserve Bank of India (RBI) in November 1998. Despite long track record of operations, DCCL's scale of operations remains relatively small with a gross loan book of ₹231.49 crore as on March 31, 2026 (March 31, 2025: ₹170.85 crore). The company mainly provides unsecured loans to low-income municipal employees (36% of gross loan book), unsecured loans to small MSME customers in rural and semi-urban areas (34%) and remaining being secured MSME loans backed by self-occupied residential property (30%) as on March 31, 2026. Growth in DCCL's secured MSME portfolio has largely happened in the last 1-2 years, and hence, portfolio remains largely unseasoned. DCCL's portfolio is geographically concentrated in West Bengal and Rajasthan with share of 57% and 25% respectively, as on March 31, 2026, 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 nature of the loan portfolio and due to exposure to customers having greater vulnerability to economic shocks. As on March 31, 2026, unsecured loans to municipal employees comprised 35% of assets under management (AUM), where the company has tie-up with over 60 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/corporations, 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. GNPA in personal loans to municipal employees segment as on March 31, 2026, stood at 0.51% (March 31, 2025: 0.54%).

The secured MSME segment grew sharply in the last few years with portfolio growing from ₹9.86 crore as on March 31, 2024, to ₹68.79 crore as on March 31, 2026. Combined GNPA for unsecured micro loans and secured MSME loans reduced to 1.30% as on March 31, 2026 (March 31, 2025: 1.58%). Till FY25, DCCL was recognising NPA on 120+ dpd and transitioned to 90+ dpd from December 2025. Despite the transition, overall GNPA of the company reduced from 1.11% as on March 31, 2025, to 1.00% as on March 31, 2026, mainly on account of recoveries made in FY26. The secured MSME portfolio remains largely unseasoned as majority disbursements have been in the last two financial years. Going forward, given the unseasoned nature of secured MSME portfolio, the company's ability to maintain asset quality and control credit costs will remain a key monitorable.

Limited financial flexibility
The company has a moderately diversified borrowing profile, with share of funding from NBFCs at 37.4%, Banks at 29.4% and NCDs at 33.2% as on March 31, 2026. In FY26, the company primarily relied on capital market instruments and initial public offering (IPO) proceeds, as funding from term loans has been limited. As a result, the company's funding profile shifted towards NCDs from ~6% of overall funding as on March 31, 2025, to ~33% as on March 31, 2026. Going forward, the company's ability to raise funds at competitive rates from diversified sources will remain a key monitorable.

Liquidity: Adequate
As on March 31, 2026, the company had adequate liquidity position with no cumulative mismatches in all time buckets. DCCL reported cash and cash equivalent (unencumbered) of ₹26.28 crore as on March 31, 2026, and receivable from loan book (including interest) of ₹119.65 crore against the debt repayment obligation (including interest) of ₹104.46 crore for the next one year.

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
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 an RBI-registered non-deposit taking NBFC, engaged in financing unsecured loans to individuals and small enterprises and secured MSME financing. 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, 2026, it has presence in seven states with 35 branches across West Bengal, Rajasthan, Gujarat, Madhya Pradesh, Chhattisgarh, Bihar, and Jharkhand. The company's loan portfolio encompasses unsecured loans to municipal loans, unsecured MSME loans, and secured MSME financing.

Brief Financials (₹ crore)	31-03-2024	31-03-2025	31-03-2026
	A	A	A
Total income	32.86	41.39	50.05
Profit after tax (PAT)	3.69	7.04	10.13
Assets under management (AUM)	181.57	187.89	238.06
On-book gearing (x)	2.51	1.97	1.79
AUM / tangible net-worth (TNW) (x)	2.73	2.56	2.31
Gross non-performing assets (NPA) / gross stage 3 (%)	0.55	1.11	1.00
Return on managed assets (ROMA) (%)	1.70	2.90	3.76
Capital adequacy ratio (CAR) (%)	36.79	38.78	41.03

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of 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
Debentures-Non-Convertible Debentures	SEBI	Simple	INE04Q907199	29-May-2026	12.75%	29-Nov-2028	14.00	CARE BBB-; Stable
Debentures-Non-Convertible Debentures	SEBI	Simple	INE04Q907181	30-Mar-2026	12.75%	30-Sep-2028	15.00	CARE BBB-; Stable
Debentures-Non-Convertible Debentures	SEBI	Simple	INE04Q907173	24-Mar-2026	13.00%	24-Mar-2029	6.00	CARE BBB-; Stable
Debentures-Non-Convertible Debentures	SEBI	Simple	INE04Q907116	03-Feb-2026	14%	03-Feb-2031	6.91	CARE BBB-; Stable
Debentures-Non-Convertible Debentures	SEBI	Simple	INE04Q907124	03-Feb-2026	14%	03-Feb-2031	10.84	CARE BBB-; Stable
Debentures-Non-Convertible Debentures	SEBI	Simple	INE04Q907157	03-Feb-2026	12%	03-Feb-2029	1.75	CARE BBB-; Stable
Debentures-Non-Convertible Debentures	SEBI	Simple	INE04Q907165	03-Feb-2026	12%	03-Feb-2029	0.50	CARE BBB-; Stable
Debentures-Non-Convertible Debentures	SEBI	Simple	INE04Q907108	11-Dec-2025	12.25%	10-Dec-2027	10.00	CARE BBB-; Stable
Debentures-Non-	SEBI	Simple	INE04Q907090	19-Sep-2025	12%	19-Mar-2027	10.00	CARE BBB-; Stable

Convertible Debentures								
Debentures-Non-Convertible Debentures	SEBI	Simple	Proposed	**-**	-	-	50.00	CARE BBB-; Stable
Fund-based - LT-Cash Credit	RBI	Simple	-		-	-	5.00	CARE BBB-; Stable
Fund-based - LT-Term Loan	RBI	Simple	-		-	30-May-2029	157.00	CARE BBB-; Stable

NA: Not applicable

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	5.00	CARE BBB-; Stable	1)CARE BBB-; Stable (20-May-26)	1)CARE BBB-; Stable (06-Jan-26) 2)CARE BBB-; Stable (20-Aug-25)	1)CARE BBB-; Stable (24-Dec-24)	1)CARE BBB-; Stable (27-Dec-23)
2	Fund-based - LT-Term Loan	LT	157.00	CARE BBB-; Stable	1)CARE BBB-; Stable (20-May-26)	1)CARE BBB-; Stable (06-Jan-26) 2)CARE BBB-; Stable (20-Aug-25)	1)CARE BBB-; Stable (24-Dec-24)	1)CARE BBB-; Stable (27-Dec-23)
3	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (24-Dec-24)	1)CARE BBB-; Stable (27-Dec-23)
4	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (24-Dec-24)	1)CARE BBB-; Stable (27-Dec-23)
5	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (06-Jan-26) 2)CARE BBB-; Stable (20-Aug-25)	1)CARE BBB-; Stable (24-Dec-24)	1)CARE BBB-; Stable (27-Dec-23)

6	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (06-Jan-26) 2)CARE BBB-; Stable (20-Aug-25)	1)CARE BBB-; Stable (24-Dec-24)	1)CARE BBB-; Stable (27-Dec-23)
7	Debentures-Non Convertible Debentures	LT	25.00	CARE BBB-; Stable	1)CARE BBB-; Stable (20-May-26)	1)CARE BBB-; Stable (06-Jan-26) 2)CARE BBB-; Stable (20-Aug-25)	-	-
8	Debentures-Non Convertible Debentures	LT	50.00	CARE BBB-; Stable	1)CARE BBB-; Stable (20-May-26)	1)CARE BBB-; Stable (06-Jan-26)	-	-
9	Debentures-Non Convertible Debentures	LT	50.00	CARE BBB-; Stable	1)CARE BBB-; Stable (20-May-26)	-	-	-

LT: Long 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.

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About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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