

“Dar Credit and Capital Limited
H2 & FY25 Earnings Conference Call”
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**MODERATOR: MS. POOJA GANDHI – FOUNDER AND DIRECTOR –
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Moderator: Ladies and gentlemen, good day and welcome to Dar Credit and Capital Limited Earnings Conference Call hosted by EquiBridgeX Advisors Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this call is being recorded.

I now hand the conference over to Pooja Gandhi. Thank you and over to you, ma'am.

Pooja Gandhi: Thank you. Good afternoon, everyone and welcome to H2 & FY25 Earnings Call of Dar Credit and Capital Limited. From the management today, we have Mr. Ramesh Kumar Vijay, Promoter and Director and Mr. Umesh Khemka, Director. Before we proceed with this call, I would like to give a small disclaimer that this conference call may contain certain forward-looking statements which are based on opinion and expectations of the company, a detailed disclaimer already given in the company presentation, which is being uploaded on Stock Exchange.

Now I would like to hand over the call to Mr. Ramesh Kumar Vijay for opening remarks. Over to you, sir.

R.K. Vijay: Good afternoon, everyone. I'm R.K. Vijay, Founder and Chairman of the company. Welcome to the first investor call of the company. I would like to extend my heartfelt welcome to all the existing and potential investors, industry analysts and anybody else who is on the call. It is my great privilege to be able to present to you the past progress of Dar Credit and Capital Limited, the last financial itself that is fiscal year ended March 25. I will be referring to the presentation which we have uploaded on the National Stock Exchange. I hope that you have access to that.

I will not strictly be following it page by page, but that will be the basic direction of the talk. To begin with, I will be quickly for those who have joined for the first time or who is coming across Dar Credit for the first time, just a quick introduction. We are a non-banking finance company offering three products, personal loan and MSME loan.

We are a social impact financial product company and our offerings are in this product. And we have been listed on National Stock Exchange on 28th May, 2025 and therefore, this is our first investor presentation. As explained earlier, we have already uploaded the investor presentation for the benefit of all the investors who are on the call. I will explain our financial performance for the fiscal year ended March 25 compared to March 24.

Our net profit stood at INR7.04 crores for the year ended 31st March in 25 as against INR3.69 crores for the year ended 31st March 24. That is a growth of almost 90% if you compare year-on-year basis. Operating profit has shown a growth of 30% year-on-year. Net interest income has also grown by 30%. Interest income has touched to INR41 crores as against INR32 crores last year.

Our return on asset has gone to 3.16% for the year ended 31st March 25 as against 1.56% for the year ended 31st March 24. Return on equity has also gone to 9.57% for the year ended 31st March 25 as against 5.5% for the year ended 31st March 24. You notice that from this speech

and on the presentation that we have fairly done a good business, whether in terms of profit, in terms of return on investment, whether in terms of return on equity or return to the investors.

And even our EPS which was INR3.69 per share has also gone to INR7.04 EPS for this fiscal year and with the infusion of fresh funds into the company, we will be doing much better in fiscal year March 26 as this infusion of new capital will enable us to borrow more capital. This IPO has increased our reputations and our financial numbers have also gone substantially towards better side.

So we are also hopeful to borrow at a better and most competitive rate just to earn better profit. We expect a good financial year 25-26. We already had a good time in the last two months and with the infusion of IPO, we will be doing much better business. We expect a top line of INR55 crores to INR60 crores and being an NBFC, it is more important than EBITDA because interest forms our main course of the fund.

We are expecting a PAT of around INR11 crores, INR12 crores. Going forward, we are expecting an EPS of at least around INR10 crores. EPS we are expecting in the coming fiscal and our capital adequacy ratio, our asset quality, our NPA our NPA is historically within 1% and we expect our asset quality to remain the same level. Our AUM is expecting this year we had around INR225 crores.

We are expecting that our total asset size will touch to a minimum INR300 crores in the fiscal year, March. If I give guidelines for the next three years, we hope to touch a balance sheet of INR500 crores in the next few years. Thank you. Now I open the floor for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Noel Shah from JSR Investments. Please go ahead.

Noel Shah: Good afternoon, sir. Sir, congratulations on your successful listing also and for the good results. Sir, you gave a PAT guidance of INR11 to INR12 crores for the FY26, which implies a 56% to 77% year-on-growth. Could you elaborate any key assumptions behind this target in terms of AUM growth you are planning around INR300 crores and what is the net interest margin expansion and what all operating levers that you are focusing on?

R.K. Vijay: We have already started expansion of our business in our same line, same product line, same category and with the availability of new resources and even again this equity infusion, we will not be having any interest bearing. So, our margin will definitely improve. With our existing resources, existing borrowing costs, we have raised a profit of INR7 crores. So, with the availability of INR25 crores of IPO and plus new borrowing at a lower cost, we are hopeful of achieving this PAT very comfortably, sir.

Noel Shah: Okay. I got your point. And one more question in the presentation, you have mentioned that you are present in Gujarat, but in pipeline is there any plan to open branches more in Gujarat?

R.K. Vijay: Sir, in Gujarat, I am doing only personal loans business. And with personal loans business, we don't need any branches. We are required to go by catch. We [inaudible 11:04] concept. Personal loan is like a loan to the cleaners of various municipalities where EMI is rejected by the employer

and given to us. And we are not required to open the branches, but definitely we would be increasing our reach to more number of municipalities and more borrowers.

Moderator: The line for the participant has been disconnected. We will move to the next question. The next question is from the line of Maitri from Sapphire Capital. Please go ahead.

Maitri: Yes. So, I just have few questions. Firstly, what is our AUM for FY25 because in the presentation, it shows that INR188 crores and you mentioned INR25 crores figure?

R.K. Vijay: You see what happens, this INR180 crores is the outstanding portfolio value. And my balance sheet total AUM is around -- balance sheet total is around INR223 crores on fiscal year ended March 25. And outstanding value of portfolio is INR180 crores including the portfolio which we are managing based on our partnership with the SIDBI.

Maitri: So, this 225 will be going to 300?

R.K. Vijay: Yes, correct.

Maitri: Okay. And what sort of ROA are we now getting for FY26?

R.K. Vijay: At least 12%.

Maitri: 12%?

R.K. Vijay: Yes.

Maitri: So, we have a cheap ROA in FY26?

R.K. Vijay: Hello.

Maitri: Hello.

R.K. Vijay: Yes, please.

Maitri: Yes ROA for FY25 was at 3%, is that correct?

R.K. Vijay: Return on asset is 3.16. You are talking about ROA?

Maitri: Right.

R.K. Vijay: This is likely to -- I feel it will be almost 5.5% to 6%.

Maitri: And our cost of funds?

R.K. Vijay: Cost of funds will go down. Presently, it is hovering around 15%, 15.5%, 14%, it will go to around by 1% at least down.

Maitri: And are we planning on expanding our MSME loans to any other state? I think you are planning for Rajasthan is that correct?

- R.K. Vijay:** We are not going to expand our new geographical reach at least in this fiscal year. We will continue to penetrate on our existing locations and consolidate.
- Maitri:** Yes, that is from my side. Thank you.
- Moderator:** Thank you very much. The next question is from the line of Nitin, an Individual Investor. Please go ahead.
- Nitin:** Hi sir. Congratulations on a great set of numbers. I just had a couple of questions regarding the outlook for FY26. So for FY26, how much growth are we targeting in our net interest income? And how much the margins would expand by and also what could be the profit growth for FY26 approximately?
- R.K. Vijay:** We are expecting a growth of almost 35% to 40% in our top line. See year-on-year, we have achieved a growth of 20%, 30%. This year now will be with the infusion of fresh resources into the company. We are expecting a growth of around 40% in our top line and almost the same percentage in our bottom line.
- Nitin:** Okay, great. So I mean, this year the top-line growth was around 20%, 25%, but the bottom-line growth was very high. Would the same trend continue as well this year for FY26?
- R.K. Vijay:** Yes, this trend should continue.
- Nitin:** Sorry?
- R.K. Vijay:** Yes, this trend will continue.
- Nitin:** Sir like this year [inaudible 16:40]?
- R.K. Vijay:** I will explain. In the financial year 25, we had better cost management and we could achieve a better profit. And I hope this trend will continue.
- Nitin:** Okay. Sir, my question was that our bottom-line growth was high. Top line growth was around 20%, 30%. Will this trend continue this year as well?
- R.K. Vijay:** No, this year the bottom line was around a crores, it's a profit from a sale of investment and some idle assets, but still that will get compensated with new resources and new cost of funds and we'll be able to maintain the same frequency profit percentage.
- Umesh Khemka:** Sir, I'm Umesh, Director. I would like to add here that apart from this, our business correspondent model says we've earned around a crore of income. So that is also added to our income. That is also added to -- and the expenses were not there for this. So this is also added up to our net profit.
- Nitin:** And sir, will our cost of borrowing be less now that we've got capital?
- R.K. Vijay:** Definitely, we expect at least 1% reduction in the overall cost. If not more.

Nitin: Excellent. So that will come to our bottom line what you are saying?

R.K. Vijay: Yes.

Nitin: Sir, this year we have done a PAT of INR7 crores so next year around 11 to 12 it will come?

R.K. Vijay: Yes, guidance we have given around 11 to 12.

Nitin: Excellent. Great. Thank you so much.

Moderator: Thank you very much. The next question is in the line of Sumit Srivastava, an Individual Investor. Please go ahead.

Sumit Srivastava: Hell, sir. Good morning. Can you hear me?

R.K. Vijay: Yes, of course. Good morning. Good afternoon.

Sumit Srivastava: Yes, good afternoon. So, I wanted to ask, like we have given loans to cleaners in the past. So, I wanted to understand a little bit about that model. How does it work? Sir, do you go through the municipality or how do you do it?

R.K. Vijay: Thank you for your question. You see, perhaps I'm the only company of its type doing the business. We are doing this business in the state of Rajasthan, Madhya Pradesh and partly in Gujarat. This product of ours is 25 year to 30 years old. It's our special skill. We do a municipality-to-municipality arrangement that if we finance their employees, they will cut their salary and give us EMI.

This is our arrangement, municipality-to-municipality. And when their municipality issues an undertaking that if you give our employees a loan, they will cut their salary and give you EMI. That is how this model works. And I have been doing this product for almost more than 25 years. Since I was doing it, no NBFC bank would give me money. This particular category would only get money from the bazaar, Mahajan or private money lenders.

That's why I have substantially replaced those lenders. And now some companies have come to the bazaar, but still, no one can compare my skill and setup. That's why I am the only company doing business at this size and level. I have worked with more than 200 municipalities. And we will continue to focus on this product.

Sumit Srivastava: Okay. Great, sir. And sir, will we target more municipalities for further expansion?

R.K. Vijay: Yes, we will. This is our next product.

Sumit Srivastava: Sir, you have also worked with SIDBI. What is that model please tell us about that?

R.K. Vijay: The personal loan who is our cleaner and apart from that another model which is there our MSME loan. Again, it is a small value MSME loan the ticket size is up to INR5 lakh. It is for small traders who do not get money from banks and because it is unsecured, they do not have collateral. So SIDBI is encouraging this product to those customers who do not get money from

banks or microfinance who want a collateral. We finance that segment only and in that that segment SIDBI has joined hands with us. You can finance on our behalf.

You will not have a problem with money. So that is how we do business for them also. That is our SIDBI business partnership model. We do all the work. And the business portfolio is in their books, not in mine.

Sumit Srivastava: Okay, got it. Sir, in the future, will you tie up with other institutions like SIDBI?

R.K. Vijay: Yes, I have already tied up with a small finance bank, partnership tie-up.

Sumit Srivastava: [inaudible 22:34] small finance bank?

R.K. Vijay: Yes. The beauty of this model is that we borrow and lend directly. And on their behalf, my net interest margin remains the same. At the same time, I leverage my entire infrastructure. As you know why these people joined hands with me because I have an infrastructure. I have a team to give the loan to last mile customers because they cannot reach.

So it is a win-win situation for both. I also get an amount at a competitive rate and get the support and my team that is sitting in the branches, I leverage that team. I leverage my strength. And I get the same profit margin that I get on my own fund. It is a beautiful model.

Sumit Srivastava: Okay, got it. Sir, how many branches do we have now total?

R.K. Vijay: Now, we have 27 branches of IPO.

Sumit Srivastava: 47?

R.K. Vijay: 27.

Sumit Srivastava: 27, okay. What do you see in the future?

R.K. Vijay: In my personal loan product, I don't need branch setup. I need only more and more sales people to visit the municipalities. So that setup will expand. And our MSME loan, which we are operating in the state of West Bengal, Bihar and Jharkhand, will continue. We have already achieved a good amount of penetration in West Bengal. Now, we will further put focus in the state of Bihar and Jharkhand.

Sumit Srivastava: Okay, got it. Sir, what is the main expense category in our business? What is the biggest part of your expenses?

R.K. Vijay: We have to maintain the branch; we have to maintain a gang of staff. We have a small business. We have a team of 250 people. The total balance sheet size is INR223 crores and we have 250 team members. So our transition cost is a bit high. But the main advantage of this is that we call it touch banking. My cost is definitely high, but because my team member is near to the borrower, my recovery is better.

- Sumit Srivastava:** Okay. Sir, there are many online loan apps these days. They provide a lot of small loans. Do you try to compete with them?
- R.K. Vijay:** Look, the products I have, my customer onboarding is still technology or Fintech driven. It's all digital. My customer onboarding process. And including disbursement process. My business sourcing, Fintech people do it online. My business is touch banking. I physically source customers. There is only one difference.
- Secondly, the kind of customer I'm serving, they don't have the reach to use the Fintech company model. So as long as we are doing touch banking business, there is physical connectivity. And if in 2 years to 5 years, the digital growth increases or the reach of Fintech increases, then we will also go by that.
- Sumit Srivastava:** Okay, sir. Thank you very much. Thank you.
- Moderator:** Thank you very much. The next question is from the line of Aditya Mangal, an Individual Investor. Please go ahead.
- Aditya Mangal:** Yes. Good afternoon. Sir, how does the manager plan to balance further expansion of the loan portfolio, particularly in unreserved regions with maintaining asset quality and managing the supply increase in GNPA, Growth Net Non-Performing Assets, to 1.12?
- R.K. Vijay:** Yes. We are balancing our portfolio. We have a personal loan portfolio, which is like no-loss product where there are no NPAs, practically speaking. And these NPAs are occurring in the MSME loan product, but in MSME loan product returns are a little better compared to personal loans.
- So, going forward, we will balance our portfolio in such a way that the total gross NPA is within 1% and we will continue to focus on personal loans. For the last 2 years, we are focusing more on secured MSME loans, which are around INR20 crores. We will focus on this product line, which will help us in managing our gross non-performing assets.
- Aditya Mangal:** Okay, sir. Got it.
- Moderator:** Thank you very much. The next question is from the line of Sahil Raj from Samdareeya Capital Ventures. Please go ahead. The line for the participant is disconnected. We will move to the next question. The next question is from the line of Maitri from Sapphire Capital. Please go ahead.
- Maitri:** You mentioned that our bottom-line profit for this year has INR1 crores profit from sale of assets. Could you explain more on that?
- R.K. Vijay:** Yes, our ideal asset was a private residential premises. We wanted to use it as an office, but we didn't need it. It was an ideal asset, so we sold it. We got a profit of around INR30,000 lakh to INR40,000 lakh plus some of our investments had matured. As a part of liquidity management, some of our investments had matured. So, almost around a crores of profit has come from sale of investment and sale of ideal assets.

Maitri: Okay. And the INR1 crores business correspondence of PAT is different from this, right?

R.K. Vijay: Yes.

Maitri: Okay. And the business correspondence earnings will continue...

R.K. Vijay: Yes, it will double. For example, if INR1 crore has come in March 2025, then we hope that in March 2026, it will be INR2 crores to INR2.5 crores.

Maitri: Okay and you mentioned about the total asset size, that it will be INR300 crores. Can you say how much AUM growth will be after INR188 crores?

R.K. Vijay: Look, it is INR188 crores now. So, it should be almost INR240 crores.

Maitri: And who will get more growth, MSMEs or personal loans?

R.K. Vijay: See, we are trying to balance. It will go ahead in the same proportion. Maybe personal loans may give a higher side.

Maitri: How much is the split of personal loans now?

R.K. Vijay: Now, personal loans are around 40%.

Maitri: Okay.

R.K. Vijay: If it increases to 42% or 43%, then the focus will be more because that is our niche product and our star product offering.

Maitri: And you are not planning on expanding to any other geography now it is in Gujarat?

R.K. Vijay: No. Not at least in this Fiscal. We will continue to focus and penetrate on our existing locations.

Maitri: For the next, just not to this year, but like in 1 year, 2 years, do you plan on going to other states?

R.K. Vijay: Yes. Our business model is we go to the bordering states. Like in personal loans, we intend to go to Maharashtra, which is bordering with MP. We may go to UP, which is again bordering with MP. So, we prefer to keep on moving nearer to our bordering states where it becomes easy for us to explain our product line and our company to the borrowers.

Maitri: Okay. Thank you.

R.K. Vijay: Thank you.

Moderator: Thank you very much. As there are no further questions from the participants, I now hand the conference over to Pooja Gandhi for closing comments. Please go ahead, ma'am.

Pooja Gandhi On behalf of Dar Credit and Capital Limited, I sincerely thank all our investors and analysts for taking the time to join us on today's earnings call. Your best interest and continued support

means a lot to us. We look forward to growing stronger together and keeping you updated on our journey ahead. Thank you once again for being part of our story.

R.K. Vijay: Thank you, Pooja. Thank you once again.

Moderator: Thank you very much. On behalf of EquiBridgeX Advisors Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.