

“Dar Credit & Capital Limited H1 FY'26 Earnings Conference Call”

November 14, 2025

**MANAGEMENT: MR. RAMESH KUMAR VIJAY – PROMOTER &
CHAIRMAN, DAR CREDIT & CAPITAL LIMITED
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CAPITAL LIMITED**

**MODERATOR: MS. CHANDNI CHANDE - EQUIBRIDGX ADVISORS
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Moderator: Ladies and gentlemen, good day and welcome to the Dar Credit & Capital Limited H1 FY'26 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Chandni Chande from Equibridgex Advisors Private Limited. Thank you and over to you.

Chandni Chande: Thank you. A very good evening to everyone. I welcome everyone to the H1 FY'26 Earnings Call of Dar Credit & Capital Limited.

From Management Team, we have with us Mr. Ramesh Kumar Vijay – Promoter & Chairman; Mr. Umesh Khemka, Director.

We will have opening remarks from the Management Team, post which will open the floor for Q&A. With that, I would like to hand over the call to management for the opening remarks. Over to you, sir.

Ramesh Kumar Vijay: Good evening all. My colleague and Director of the Board, Umesh Khemka, will give the overview of the Company. Over to Umesh.

Umesh Khemka: Good evening, everybody. I am Umesh Khemka. I will just take you through Company overview. This company was incorporated in 1994 as an NBFC. We listed on NSE Emerge platform in May 2025. The Company has experienced, Mr. Ramesh Kumar is our Chairman, Promoter & Chairman. He is a first class graduate, FCA and FCS. And we have other experienced and qualified members on the board. The team is led by experienced senior people of finance industry, who are looking after the operations of the Company.

We are basically dealing it to four types of projects. One is personal loan to municipal employees, which is, we give personal loan to safai karamchari's or Grade IV staff of current employees of the municipalities. From the salaries of the municipal employees, our EMI's are directed directly by the municipal corporations and it comes direct to our bank account. So, you can say, although technically it may be termed as unsecured, but it is more than secured because our EMI's come directly from the municipalities. And we all know that municipalities will exist as long as mankind is there. So, even in COVID period, we did not experience any bad debt or NPA in this product.

Another one is secured MSME loans. This is, we give against securities and the ticket sizes are roughly 2 lakhs to 5 lakhs. And this will be given against securities and E-NACH collections are done.

Other product is unsecured MSME loans. This is between 50,000 to 2 lakhs. And this we charge interest of 26% to 27%. And these are all unsecured collection is basically through E-NACH and cash collections are also there.

Our fourth model is business correspondent model, in which we have signed agreements which SIDBI, ESAF, Kaleidofin, Kisan Dhan In this we give, we act as agent on behalf of these companies. The benefit in this is that money is available on tap whenever we require funds, if we get the money. This, although the technically the loan book is in the books of the SIDBI and ESAF and others, but our margins remain the same. So, it is also of the same type of business I would say. We have, major debt partners are, SBI, Bandhan Bank, Tata Capital, ICICI Bank and other banks are also there. And we have private finances also from which we only take loans in NBFCs.

Our basically average term loan is 21.23%. That is the yield, cost of borrowing is roughly 13%. We give four types of loans as I told you, as of September 1995.

I would come to figures. Municipal employee loan was 79.16, unsecured MSME loan was 63.11, secured MSME loan is 42.77 and managed portfolio is 13.08. Our total book size is 198.12 lakhs. Our, we have competitive advantage over others because the personal loan product which you have just told you, in this we are unique and nobody else is like there in this competition of our size. And this, this bad debt is roughly zero. And as far as our gross NPA is concerned, it is roughly 1.29% as of September 2025.

I would quickly take you through my Q2 financial highlights. The total income was Rs. 1.203.75 lakhs which was 15.3% higher year-on-year basis. PBT was Rs. 287.24 lakhs which is 30.6% higher year-on-year basis. PAT Rs. 249.76 lakhs which is 47.7% higher year-on-year basis. The net profit margin was 20.75% which is 456 basis point higher year-on-year basis. This is our Q2 results. If we compare H1 half year from April to September, the total income was Rs. 2301.26 lakhs which is 11.4% higher on year-on-year basis. PBT was Rs. 535.34 lakhs which is 26.0% higher year-on-year basis. PAT was Rs. 452.35 lakhs which is again 36.3% higher. And the net profit margin was 19.66% which is again 360 basis point higher. This is the first time the board has declared interim dividend of 5% for the financial year 2025-26. We have been regularly paying dividends since last 6 years from the COVID period I would say and the Company is regularly growing with consistent growth and healthy margins. This is the key product and the strong points of the Company and based on this only this year we have declared dividend.

We are present in 7 states. We have 36 branches. We have more than 250 employees. And our AUM is **(Inaudible) 7:16** 58 crores and our net worth is 100 crores.

Now I would like to hand over the window to our chairman sir for question and answer round sir over to you.

Ramesh Kumar Vijay:

Thank you Umesh for your insightful presentation on the overview of the Company. I will now request the participants for Q&A session. I am open for any question to answer.

- Moderator:** Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. We will take a first question from the line of Ravi Shah an individual investor. Please go ahead.
- Ravi Shah:** Good evening. Sir, gross non-performing assets improved to 1.29%. Okay, so like what grew this sharp improvement?
- Ramesh Kumar Vijay:** You see the sector is improving. The NPA in March FY'25 and Q1 was little higher but now the sector is improving and that is why the NPA has improved.
- Umesh Khemka:** Sir I would like to add here. We have developed a better management team for collecting NPA. We employ a few persons to look after bed debts or NPA as I would say. And we have built a very strong team for NPA management. And that is why we have been able to achieve such low NPA. And we expect it to better further improve in the coming days. Thank you, sir.
- Ravi Shah:** And second question like what is your internal target for GNPA and gross non-performing asset and net non-performing asset for the next 12 months?
- Ramesh Kumar Vijay:** Historically my gross NPA is within 1% to 1.5%, historically and we will maintain within this range. And net NPA will be maintaining within 1%.
- Ravi Shah:** Okay and you can highlight on that unsecured MSME part like recently one of your Kaleidofin Capital became operational in August. Like what is the disbursement run rate currently?
- Ramesh Kumar Vijay:** Can you repeat the question please?
- Ravi Shah:** Okay. Recently in your unsecured MSME that Kaleidofin Capital became operational in August. What is the ...?
- Ramesh Kumar Vijay:** With Kaleidofin we have signed a business correspondence agreement with them. And we have already done a business of 40 lakhs for them in the month of October. And this volume we are expecting to grow maybe Rs. 1 crore in Q3 and only Rs. 2 crore per month from Q4. Disbursements of loan from the Kaleidofin arrangement. Q3 we may touch an average of Rs. 1 crore and Q4 we are expecting to touch on average of Rs. 2 crore per month.
- Ravi Shah:** Okay and the second like secured MSME with Kisan Dhan capital went live in September. What is the expected scale up for the next 6 months?
- Ramesh Kumar Vijay:** Yes, we secured will take little time. We expect to do a business of say around 50 lakhs per month in Q3 and then 1 to 1.5 crores per month disbursement from Q4.
- Ravi Shah:** And how much AUM contribution are you targeting from business correspondence partnerships by FY'27?
- Ramesh Kumar Vijay:** FY'27? So presently we expect to have our VC portfolio by end of FY'26 around Rs. 30 crores to Rs. 40 crore and by '27 it may touch around Rs. 80 crores.

Ravi Shah: Okay, thank you. Thanks a lot.

Moderator: Thank you. We will take our next question from the line of Amit Anam, an individual investor. Please go ahead.

Amit Anam: Sir, thank you for having a call. What guidance would you like to give for FY'27 for revenue and profit?

Ramesh Kumar Vijay: In FY'27 we expect make it up around Rs. 18 crores to Rs. 20 crores of net profit in FY'27?

Amit Anam: Rs. 18 crores to Rs. 20 crores of net profit in FY'27?

Ramesh Kumar Vijay: Yes.

Amit Anam: Thank you.

Moderator: Thank you. So there is one question now from Deepika Chadda, an individual investor. Please go ahead with your question.

Deepika Chadda: Good evening sir. I had a few questions. Sir, your AUM has reached around Rs. 178 crores. What kind of AUM growth are you targeting for the full year?

Ramesh Kumar Vijay: Around 250 crore in FY'26.

Deepika Chadda: For 26? Okay. So you are presenting 64 districts now. So which new markets will you enter next?

Ramesh Kumar Vijay: At the moment we will penetrate on our existing location but we have also gone in Telangana and opened our first branch in Miryalaguda. So we hope to get some business from there otherwise we will concentrate in our existing locations.

Deepika Chadda: Okay. So how do you balance the growth between new branches and the digital channels?

Ramesh Kumar Vijay: You see as far as we are concerned we don't have any competition from digital chain in the same. We are operating entire 3-4-5 cities where the digital knowledge of the borrower is not there. They are not equipped and confident enough as of now at this stage to tap and go for digital loan. So we are sourcing our loan through physical touch with the borrower. And we will continue to do that till our borrower becomes matured enough or educated enough to start borrowing digitally. In any case our customer onboarding process is fully digital and if we find that the customers are also ready to go digital we will come to the system to digital but as of now our business is through physical sourcing, direct sourcing with the borrower and we call it touch banking.

Deepika Chadda: Okay, understood. Any plans to bring more lenders or diversify the borrowing mix?

- Ramesh Kumar Vijay:** In September we already issued listed and rated debentures of Rs. 10 crore and we will be tapping more and more the bond markets, listed bond markets.
- Deepika Chadda:** Okay, thank you sir. I will get back in the queue.
- Ramesh Kumar Vijay:** Thank you.
- Moderator:** Thank you. The next question is from the line of Aditya Gupta, an individual investor. Please go ahead.
- Aditya Gupta:** Good evening. So you raised Rs. 65 crores in H1, like including 10 crores from ICSE bank and Bandhan bank. Like what is the average cost of borrowing?
- Ramesh Kumar Vijay:** It is all cost of borrowing, if it is from banking it is around 12%, if it is from investor sector it is 14% to 15%.
- Aditya Gupta:** Okay, and are you planning additional NCD issuance in H2?
- Ramesh Kumar Vijay:** Yes, of course around 25 crores to 30 crore.
- Aditya Gupta:** Okay, and how does the current liquidity buffer compare to regulatory requirement?
- Ramesh Kumar Vijay:** You see, we are having very high liquidity in the system. We always maintain equal to 2 months of repayment obligations, cash in hand and that is permanent protocol of the Company. So, liquidity is always better. And we are not a very aggressive lender, so we maintain balance in liquidity, disbursement and borrowing.
- Aditya Gupta:** Okay, and interest income increased 15.29% to around Rs. 11.9 crores. Like how sustainable is this runrate? And are yields improving?
- Ramesh Kumar Vijay:** You see, yields are bound to improve in the sense, first and foremost, we go to the system around 20 crores to 25 crores from IPL proceeds where we are not paying any cost of funds. So, yields will definitely improve. And going forward, our cost of funds is also going down, so yields will definitely improve.
- Aditya Gupta:** And with larger NBFCs increasing risk appetite, how do you defend yields and credit quality?
- Ramesh Kumar Vijay:** As I told you, we are sourcing the customer directly and physically from the cluster of markets. And number two, we are extending small value loans. And number three, our loans are repeatedly and based on cash flow of the borrower and not from any other perspective. My team, my underwriting team, my credit managers, first and foremost, see the cash flow of the borrower and then the loan amount is considered. So, we are a much better place compared to our larger NBFC peer. And you know, the product which I am doing, I mean, I am the only player and even MFI, they are extending this product. But, they are not, I will say, tuned to extend business loans. So, we don't have any big problem from the NBFC competition.

Aditya Gupta: Okay, thanks a lot.

Ramesh Kumar Vijay: Thank you.

Moderator: Thank you. Next question is from the line of Noel Shah from Sasoon Holdings. Please go ahead.

Noel Shah: Sir, congratulations on good quarter growth. So, I wanted to understand, did we open any new branches in any different geographies from our home state?

Ramesh Kumar Vijay: As an expert earlier, we are concentrating and penetrating on our existing geographical reach. But we have decided to put our footprint in the state of Telangana and we have already opened a branch. The branch has yet to become operational. We have already done GST registration and it is in the process. And Miryalaguda in Telangana.

Noel Shah: Okay, I understand. So, do you have any plans, how many branches do you want to add by this FY'26?

Ramesh Kumar Vijay: FY'26, we have 36 branches. 42 branches, can happen, not more than that.

Noel Shah: And other than any unsecured personal loan, do you have any plans to add gold loans or any?

Ramesh Kumar Vijay: Not at the moment, really.

Noel Shah: So, while I was going through the investor presentation, so, do you have any plans other than offering loans to safai karamchhari, any other profession that is under government, any other government which is lucrative?

Ramesh Kumar Vijay: See, our cost of fund and IRR, that other department people won't be able to give and they never come to us, because they are smart people, they are able to complete the formal loan document, so they take it from that channel and they don't come to us. The safai karamchhari's, there education level, their mindset, they cannot roam around bank, and not in a mindset to fulfill the bank documents. That is why I am in the business for almost 30 years. But I have not succeeded in any of the other departments. And only and only for the cost point of view. They need it for 17-18, and in 15-16 you can get it from bank. And they are educated and smart people, they go to them. Then don't come to me.

Noel Shah: We are catering to uncatered set of audience.

Ramesh Kumar Vijay: You know their education level is less. Their mindset is not able to complete the documents.

Noel Shah: So that is our USP?

Ramesh Kumar Vijay: Yes.

Noel Shah: So, one more thing, you have declared interim dividend. So any factors that influenced this decision? Because NBFC's raw material is cash.

Ramesh Kumar Vijay: It is like that, we have had very decent profit in this H1 and liquidity is permitted in our system. So we decided to reward the investor, instead of keeping the money into the pocket, we decided to put into the pocket of our shareholders.

Noel Shah: Understood. Basically this show that we have ample amount of liquidity in our kitty and we further make new underwriting also?

Ramesh Kumar Vijay: Yes.

Noel Shah: That is all. Thank you.

Ramesh Kumar Vijay: Thank you.

Moderator: Thank you. The next question from the line of Prasana Sanchiti, an individual investor. Please go ahead.

Prasana Sanchiti: Good evening. Are you planning to introduce any new products or categories?

Ramesh Kumar Vijay: Not really.

Prasana Sanchiti: I have one more question like, have you seen any change in ticket size or average yield in last 6 months?

Ramesh Kumar Vijay: My ticket size is standard, 50,000 to 5 lakhs in all products together. But if better quality customer or better customer is there then we go up to Rs. 10 lakh on division basis.

Prasana Sanchiti: Great. Also like how are the collections behaving right now. Any specific challenges on the ground that you are seeing?

Ramesh Kumar Vijay: Collections, there were challenges in the March quarter. Then it subdowned in the June quarter and again better. And as my colleague explained we have a full set of machinery to manage our overdue.

Prasana Sanchiti: So that is how you overcome that. That is all, sir. Thank you.

Moderator: Thank you. Next question is from the line of Naina Sharma, an individual investor. Please go ahead.

Naina Sharma: Sir, my question to you was like, are you seeing any difference in customer behavior or repayment trends in rural versus urban markets?

- Ramesh Kumar Vijay:** You my market is semi urban. I am not in rural and in urban. And definitely for last two quarters, collection efficiency is better. What we see, RBI restriction on extra weightage on unsecured loan or microfinance industry and all that had some impact on the cash flow into the system but now that has improved and we find things better now compared to last two, three quarters.
- Naina Sharma:** And how much of your growth this year has come from repeat customer versus new borrower acquisition?
- Ramesh Kumar Vijay:** Repeat customer is confused, 10%-15% growth comes from repeat customer.
- Naina Sharma:** And are there any regulatory changes you are preparing for that could impact your lending model?
- Ramesh Kumar Vijay:** Not really as such.
- Naina Sharma:** What is your current turnaround time for loan approvals and how do you plan to improve it?
- Ramesh Kumar Vijay:** See, it depends on personal loans, it is around 3 to 5 days, again unsecured loans 3 to 5 days. If it is secured loan it is 5 to 10 days.
- Naina Sharma:** And what are the key challenges you are facing in scaling this secured MSME books faster?
- Ramesh Kumar Vijay:** Well, the cost of the fund is always a concern. And number two, secured loan product borrower wants more ticket size. If I want to consider higher ticket size, then they want the high duration for repayments, so that puts you to the ALM mismatch. There are challenges, there are challenges we face. So they want more loan. For more loan, I want to give them a higher duration loan repayment term, which I cannot afford. My borrowing is for maximum three year period. So I cannot go more than three year loan.
- Naina Sharma:** Okay, sir, understood. That's it from my side. Thank you so much for answering.
- Ramesh Kumar Vijay:** Thank you.
- Moderator:** Thank you. Next question is from the line of Rajesh Goyal, an individual investor. Please go ahead.
- Rajesh Goyal:** Sir, my first question is this. What specific digital initiative are being built to improve underwriting efficiency and turnaround time?
- Ramesh Kumar Vijay:** You see, as far as our digital efforts are concerned, our entire process is already digital. I mean, in the sense, all underwriting process is under the system. The turnaround time of 3-4 days time for unsecured, our requirement is verification of images etc. plus a study on system, so that is a minimum turnaround time and we don't find any other reason to cut down the turnaround time, but times takes for secured and research is needed, so there time is required. So we try to cut down that.

- Rajesh Goyal:** Okay, understood. So, how is technology supporting GNPA reduction?
- Ramesh Kumar Vijay:** GNPA reduction, technology gives data. We do collection through E-NACH. Physical touch with the borrowers has been improving and controlling our GNPA. I'll explain to you, even if digital loan companies or we call them so-called fintech companies, they can give the loan on fintech platform. But if it is default, they cannot collect the loan by fintech. They have to go physically, whosoever is. So, yes, fintech companies they call, they go and come in the vicinity. My borrowers is near to my branch.
- Rajesh Goyal:** Understand.
- Moderator:** Thank you. We'll take our next question from the line of Neelam, Hni. Go ahead, please.
- Neelam:** Your income has grown well this quarter. What mainly gave this growth?
- Ramesh Kumar Vijay:** We have been able to do better business in Q2 as because we had received good amount of money from the IPO and IPO possibly was put into the system. That's why the business has gone up and that is why the income has gone up.
- Rajesh Goyal:** So, how is operating expenses trending? Do you expect an immediate cost changes ahead?
- Ramesh Kumar Vijay:** Our only OpEx is our cost of branch and cost of our employees. That I can see will be going forward will go up, but corresponding business will also go up. So, it's the same ratio it will be maintained.
- Rajesh Goyal:** Thank you, sir.
- Ramesh Kumar Vijay:** More branches and more employees helping generating more business. So, correspondingly, I got more income and more expenditure.
- Rajesh Goyal:** My next question is margins also have improved sharply. What has lower cost...
- Ramesh Kumar Vijay:** Main reason for margin improvement is we got into the system more than Rs. 20 crores for which I had not to pay any interest. So it has helped me in improving the margin.
- Rajesh Goyal:** Sir, can you explain in detail please?
- Ramesh Kumar Vijay:** The Rs. 22 crores-Rs. 23 crores which came via IPO, I don't need to give interest. So my profit increased.
- Rajesh Goyal:** Thank you, sir.
- Moderator:** Thank you. Next question is from the line of the Dhiren from Venture Capital. Please go ahead.

Dhiren: So, my first question is that what for your credit costs this quarter and how do you see them moving for the rest of the year?

Ramesh Kumar Vijay: My credit cost. It's 13% to 15% And I expect this to go down say by 0/5% to 1%.

Dhiren: Okay. And for the rest of the year?

Ramesh Kumar Vijay: Yes, for the rest of the year, now the cost 12%-13% comes from the bank. 14%-15% public share cost comes, so going forward the balance sheet position will improve, margin will be better, I will be able to negotiate better with the lenders and now I have tapped the bond market, I have already taken 10 crores debentures with coupon rate of 12%. So I can see by cost of going by 1.5% to 1%. I need to also pay arrangement fees along with coupon rate. But it will be between 14 to 15%.

Dhiren: Okay, sir. And my next question is, GNPA is below 1%, which is strong.

Ramesh Kumar Vijay: NPA is within 1% and GNPA is around 1.29.

Dhiren: So it strong. And are you seeing any early times of distress in any loan segments?

Ramesh Kumar Vijay: See, our product mix, gross NPA is below 1%. Net NPA is also below 1%. I can see the same trend to continue.

Dhiren: Okay. And my next question is, how are borrowing costs trending? And do you expect them to go up or stay stable?

Ramesh Kumar Vijay: Stable.

Dhiren: And sir, you mentioned that the process digital improvements. So, what exactly are you implementing on the technology side?

Ramesh Kumar Vijay: The full customer onboarding process all are digital. Mobile app is also there. Loan manager goes to the customer and tells him everything and helps him to install and start processing the file.

Dhiren: So these are the technologies.

Ramesh Kumar Vijay: Yes.

Dhiren: Okay. So, if you could explain this, then it will be good. If possible?

Ramesh Kumar Vijay: This technology part?

Dhiren: Yes.

- Ramesh Kumar Vijay:** The technology in our system that helps in customer onboarding, customer scoring and customer CIBIL checking, so all is online. Even loan application and everything got approval in system. System is so strong, wherever internet is there, my guy can sit down and complete everything including underwriting. The notes and system for underwriting is in that. Then he can go to other states and all approvals comes in that. So loan agreement is also in the system. They will download and gets the signature of the borrower. Otherwise all process is digital. It is available anytime in the system.
- Dhiren:** And next is that how much of your sourcing or collection is now digital?
- Ramesh Kumar Vijay:** My personal loan to safaikaramchari happens via RTGS from the municipality. And in secured loan it is 100% E-NACH. So there is 20% to 30% rejection. So we have to follow up personally. So balance around 20% to 25% is cash collection.
- Dhiren:** Last the last thing, what you told, 20% to 25%?
- Ramesh Kumar Vijay:** 20% to 30% is cash collection in small unsecured loan.
- Dhiren:** Okay, sir. Last one from my side that margins are strong. So do you expect to maintain at this level only?
- Ramesh Kumar Vijay:** We hope to maintain it, sir. This quarter, we have the advantage of IPO proceeds being utilized against which there was no cost of fund. But still, we hope to maintain the margins as projected.
- Dhiren:** Okay. So, it means it will go even go up, is that correct?
- Ramesh Kumar Vijay:** Yes.
- Dhiren:** That is it, sir. Thank you.
- Moderator:** Thank you. As there are no questions, I now hand the conference over to Ms. Chandni Chande for closing comments. Over to you.
- Chandni Chande:** On behalf of Dar Credit & Capital and Equibridgex Advisors, I thank everyone for taking time to join today's earnings call. If you have any queries, you can connect to us at info@equibridgex.com . Once again, thank you for joining the conference. Thank you, sir.
- Ramesh Kumar Vijay:** Thank you. Thank you all for helping and organizing this call. Thank you once again.
- Umesh Khemka:** Thank you.
- Moderator:** Thank you, sir. On behalf of Equibridgex Advisors Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.