

Company Business

Dar Credit & Capital Limited (DCCL), incorporated in 1994 and registered as an NBFC in 2007, focuses on providing credit access to low-income and underserved segments in India. The company offers:

- ✦ Personal Loans
- ✦ Unsecured MSME Loans
- ✦ Secured MSME Loans

Their target audience includes Group D municipal employees (e.g., cleaners, sweepers), small shopkeepers, agri-business vendors, and women entrepreneurs. The company operates through its branches in West Bengal, Rajasthan, Bihar, Jharkhand, and has camp offices in Madhya Pradesh and Gujarat. It has adopted digital loan sourcing and disbursement processes, leveraging mobile/tablet-based applications with integrated fraud and regulatory checks.

Industry Analysis & TAM

The microfinance and MSME lending space in India has seen significant policy support, including initiatives like:

- ✦ MUDRA scheme
- ✦ Credit Guarantee Fund for MSMEs
- ✦ Relaxation in collateral requirements by RBI

This aligns with India’s goal of achieving financial inclusion for underserved populations. The TAM is large, considering over 6.3 crore MSMEs in India and rising demand for small-ticket financing. NBFCs like DCCL are well-positioned to bridge the credit gap in these segments.

Pros and Cons

Pros

- ✦ Targeted niche segment (low-income and underserved MSMEs).
- ✦ 30 years of operational history and solid understanding of micro-borrowers.
- ✦ Strong EBITDA and PAT margins, indicating efficient operations.

Cons

- ✦ Small scale operations compared to peers; limited geographic presence.
- ✦ High debt-equity ratio of 2.07, though improved from FY23.
- ✦ Low return on equity (RoE) vs. competitors.
- ✦ Vulnerability to credit risk given the borrower profile (low-income, unsecured).

IPO Details

- ✦ Issue Size : Up to 42,76,000 equity shares-Rs. 25.66 Cr.
- ✦ IPO Date : May 21, 2025 to May 23, 2025
- ✦ Listing : NSE Emerge.
- ✦ Promoter Shareholding (Pre-Issue): 98.47%
- ✦ Promoter Shareholding (Post-Issue): 68.98%
- ✦ Promoters : Mr. Ramesh Kumar Vijay, Mr. Rajkumar Vijay, Mrs. Rakshita Vijay.

Object of the Issue

- ✦ To augment capital base Up to ₹22 Cr.
- ✦ General Corporate Purposes

Financials of the company

(Fig. in Cr)

Particulars	Dec 31, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations	30.08	32.04	24.79	24.46
EBITDA	21.51	21.92	16.45	15.91
EBITDA Margins	69.34%	66.40%	64.37%	64.55%
PAT	4.91	3.96	2.93	2.50
PAT Margins	16.35%	12.38%	11.82%	10.26%
ROE	7.20%	6.17%	4.47%	4.08%
Net NPA	0.59%	0.35%	0.69%	0.45%

Comparison with Peers

Companies	Revenue	Financial Margins	PAT Margins	MCap	P/E
Dar Credit and Capital (FY 2024)	32.04 Cr.	49.55%	12.38%	85.65 Cr.	21.62*
Spandana Sphoorty Financial (TTM)	2,453 Cr.	-26%	-17%	2,045 Cr.	In loss
Muthoot Microfin (TTM)	2,562 Cr.	27%	-8.70	2,216 Cr.	In loss
Credit Access Grameen (TTM)	5,752 Cr.	13%	9.23%	17,568 Cr.	33
Fusion Microfinance (TTM)	2,500 Cr.	-34%	-37%	2,397 Cr.	In loss
Satin Creditcare Network (TTM)	2,595 Cr.	10%	7%	1,845 Cr.	9.90

*Forward PE is 13.09 on the basis of FY 25 PAT



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