

## TruCap Finance Limited Maintained on Credit Watch with Developing Implications

USD 10 million Foreign Currency Bonds	CareEdge B-/ 'Credit Watch with Developing implications'
USD 20 million External Commercial Borrowing (proposed)	CareEdge B-/ 'Credit Watch with Developing implications'

CareEdge Global has maintained the rating of TruCap Finance Limited's (TFL) debt instruments on 'Credit Watch with Developing Implications' following its announcement of being acquired by Marwadi Chandarana Intermediaries Brokers Private Limited (MCIBPL).

MCIBPL, a part of the Marwadi Chandarana Group (MCG), has signed definitive agreements to acquire a 75% ownership in TFL. This deal entails MCIBPL injecting Rs 207 crore into TruCap and acquiring 36.8 million shares from the current promoters. It is contingent upon receiving regulatory approvals and no-objection certificates (NOCs) from all lenders. Consequently, this investment has initiated an open offer as stipulated by the Securities and Exchange Board of India (SEBI) regulations. Upon receiving regulatory approvals, the stake held by the existing promoters (Wilson Group/Mehta family) will reduce to zero, positioning MCG as TFL's new majority stakeholder promoter.

In March 2025, CareEdge Global had placed TFL's rating on 'Credit Watch with Developing Implications' following the company's announcement of selling its gold loan business to Incred Financial Services Ltd (Incred). However, TFL and Incred have mutually decided not to proceed with the transaction.

TFL's operational performance worsened in the quarter ending March 31, 2025. The company reported a loss of Rs 70 crore (approximately USD 8.2 million) in the last quarter of fiscal 2025, compared to a profit of Rs 1 crore in the prior quarter. This decline was mainly due to additional provisioning of Rs 46 crore and a Rs 21 crore impairment associated with tech asset investments in its subsidiary, DFL Technologies Pvt Ltd. As of March 31, 2025, the total capital adequacy ratio (CAR) fell to 24.0%, down from 29.9% on March 31, 2024. These losses are significant and negatively affect TFL's earnings and capitalisation profile, negatively impacting its credit status.

However, the credit profile will change materially due to the proposed transaction. CareEdge Global will continue to monitor the progress of the transaction and its subsequent impact on the company's business and financial risk profile, including scaling of business, asset quality metrics and capitalisation level. Furthermore, induction of a stronger group as a new promoter and their support stance may also impact the credit profile and our analytical approach.

The rating continues to be driven by TFL's experienced board and management team and adequate capitalisation. These strengths are partly offset by a concentrated geographical and product portfolio, concentrated resource profile, modest scale of operations, and low seasoning of its portfolio in an inherently susceptible asset class.

As of May 28, 2025, Trucap has a modest liquidity position, holding approximately Rs 50 crore in cash and bank balances. The company anticipates monthly inflows of about Rs 36 crore, while facing monthly repayment obligations ranging between Rs 28-33 crore over the coming months. To address potential contingencies, the current promoters will inject an additional Rs 20 crore into the company in the following weeks. Additionally, TFL has reduced disbursements in recent months to conserve capital until the proposed transaction is finalised.

Please refer to the following link for the previous detailed rationale. [Click here](#)

### **Criteria Applied**

[CareEdge Global's Rating Methodology for Financial Institutions](#)

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