

November 27, 2025 ^(Revised)

NJ Capital Private Limited: Long-term rating upgraded to [ICRA]AA- (Stable); short-term rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper	100.00	100.00	[ICRA]A1+; reaffirmed
Non-convertible debenture	200.00	200.00	[ICRA]AA- (Stable); upgraded from [ICRA]A+ (Stable)
Total	300.00	300.00	

*Instrument details are provided in Annexure I

Rationale

The rating upgrade factors in the strengthening of NJ Capital Private Limited's linkage with NJ India Invest Private Limited (NJ India), the flagship entity of NJ Group and India's largest mutual fund (MF) distributor by gross commission earned and second largest by assets under distribution (AUD). NJ India has infused Rs. 25 crore into NJ Capital through its parent, NJ Financial Services Private Limited. As per the management's guidance, future capital infusions are expected directly from NJ India, positioning NJ Capital to become a direct subsidiary and enhancing its access to the Group's capital base. The improved financial flexibility follows recent regulatory amendments permitting securities brokers to invest in unrelated businesses. NJ Capital is also strengthening its corporate governance framework and is in advanced stages of inducting independent directors. This would enhance oversight, in view of its growth trajectory and expected transition to a middle-layer non-banking financial company (NBFC). The shared brand name, common promoters and strategic importance to the Group strengthen ICRA's belief that NJ Capital will receive adequate and timely support from NJ Group and its promoters, as and when required. The ratings also consider the company's comfortable capitalisation, improving profitability trajectory and adequate liquidity position.

NJ Capital has been offering loans against mutual fund units (LAMF) to NJ India's captive customer base since 2019. It scaled up its loan book at a compound annual growth rate of 110% since inception to ~Rs. 746 crore as on March 31, 2025. The loan book grew further by 15% since March 31, 2025. Supported by the benefits of the expanding scale of operations, NJ Capital's profitability trajectory has been improving, given the relatively low-cost tech-led operations. The company reported a net profit of ~Rs. 15 crore (return on assets (RoA) of 3.6%) in H1 FY2026 compared to Rs. 8.2 crore in FY2024 (RoA of 2.8%). The capitalisation profile was characterised by a net worth of ~Rs. 272 crore and a gearing of 2.3 times as on September 30, 2025. ICRA notes that while the gearing is expected to increase as the company scales up its operations, it is projected to remain below 3.5 times over the near to medium term.

While arriving at the ratings, ICRA notes that NJ Capital's loan book remains exposed to credit, market and technology risks. Given the volatility in the securities market, the value of the collateral can fluctuate, necessitating robust technological systems for risk management. Nonetheless, ICRA takes note of the adequate collateral cover and the company's ability to manage collateralisation as per regulatory requirements. In this regard, comfort is also drawn from NJ Capital's track record of healthy asset quality with nil credit costs since inception. Moreover, timely and adequate support from the Group is envisaged to be forthcoming. This, coupled with the calibrated growth strategy, is expected to continue supporting the comfortable capitalisation and profitability trajectory.

The Stable outlook reflects ICRA's expectation that NJ Capital will continue to leverage synergies with the Group's distribution franchise for scaling up its operations while maintaining healthy asset quality and comfortable capitalisation.

Key rating drivers and their description

Credit strengths

Part of strong promoter group – NJ Capital, a non-deposit taking base layer retail NBFC, is a part of NJ Group. NJ India (flagship entity of NJ Group), closely held by the promoters, is the largest MF distributor in terms of gross commission earned and the second largest in terms of MF AUD. It has an established presence in the MF distribution business with AUD of Rs. 2.5 lakh crore across ~39 lakh investors as on April 30, 2025. Driven by benefits of economies of scale, NJ India has a track record of strong profitability with an average return on net worth of 32% during FY2021-FY2025. Supported by strong internal accruals and notwithstanding dividend payouts, NJ India's capitalisation profile remains comfortable with a net worth of Rs. 1,396 crore and nil financial leverage as on March 31, 2025. In the recent past, a sizeable share of the post-tax dividend proceeds was utilised for infusing capital in NJ Capital through NJ Financial Services Private Limited.

NJ India and NJ Capital have the same ultimate promoters. One of the founder promoters is also a director on NJ Capital's board. Given the low capital-intensive nature of the various distribution and allied businesses, the Group enjoys sizeable cash flows from the flagship business. NJ Capital also benefits from improved financial flexibility following recent regulatory amendments permitting securities brokers (NJ India) to invest in unrelated businesses. NJ India recently infused Rs. 25 crore into NJ Capital through its parent, NJ Financial Services Private Limited. As per the management's guidance, future capital infusions are expected directly from NJ India, positioning NJ Capital to become a direct subsidiary and enhancing its access to the Group's capital base. Considering the shared brand name, common promoters and the strategic importance to the Group, ICRA believes that NJ Capital will receive adequate and timely support (financial as well as operational) from its promoter group, as and when required, as demonstrated in the recent past.

Synergies with Group's distribution franchise – NJ Capital benefits from access to the Group's established distribution franchise. NJ India has a well-established distribution franchise with more than 46,400 active distributors catering to over 39 lakh investors. The sizeable MF AUD of Rs. 2.5 lakh crore offers a large potential target segment for NJ Capital. Since the commencement of lending operations, NJ Capital has primarily scaled up its loan book by lending to NJ India's captive customer base. Operational synergies are expected to continue supporting the company in maintaining a controlled cost structure while scaling up, which can otherwise be high in the retail lending business.

NJ Capital offers retail LAMF with ticket sizes largely in the range of Rs. 0.25 lakh to Rs. 1 crore and loan-to-value (LTV) within the regulatory prescribed limit of 50% against MF units at fixed interest rates of 11-14.75%. Operations remain largely digital with low human intervention.

Comfortable capitalisation with track record of profitable operations since inception – Supported by periodic equity infusions, NJ Capital's capitalisation remains comfortable with a net worth of ~Rs. 272 crore, a capital-to-risk weighted assets ratio (CRAR) of 24% and a gearing of 2.3 times as on September 30, 2025. As per the management, the capital position is likely to be further augmented through a planned capital infusion from NJ India. Going forward, while the financial leverage is expected to rise with the scale-up in operations, timely and adequate financial support from the Group is projected to aid the calibrated increase in the scale of operations while keeping the gearing below 3.5 times over the near to medium term.

Notwithstanding the modest scale of operations, NJ Capital has maintained a track record of profitable operations since inception, supported by its frugal cost structure. It reported a net profit of ~Rs. 15 crore (RoA of 3.6%) in H1 FY2026 compared to Rs. 21 crore (RoA of 3.6%) in FY2025.

Credit challenges

Modest scale of operations with limited track record – Leveraging its established distribution franchise, the Group commenced LAMF through NJ Capital in 2019. Hence, the Group’s track record in lending remains limited. Although NJ Capital scaled up the loan book to Rs. 860 crore as on September 30, 2025, it remains modest. In the recent past, the company has also begun lending to customers outside the NJ ecosystem, though the share of such exposures in the overall loan book remains modest. Going forward, NJ Capital’s ability to ensure the healthy scale-up of the loan book while maintaining good asset quality will remain a key monitorable.

With calibrated growth since the commencement of operations in 2019, NJ Capital has expanded its borrowing franchise. Going forward, its ability to further expand its liability profile while borrowing at competitive rates would be imperative for scaling up the operations profitably. While the company’s asset-liability management (ALM) profile does not reflect any negative cumulative mismatches, its ability to maintain the same as it scales up its operations remains imperative.

Exposure to market and credit risks; high dependence on technology – NJ Capital’s loan book remains exposed to credit, market and technology risks. Given the volatility in the securities market, the value of the collateral can fluctuate rapidly, necessitating robust technological systems for risk management. In this regard, uninterrupted technological operations are essential for the active monitoring of collateral values, ensuring that the company can promptly square off positions to avoid potential losses. ICRA takes note of NJ Capital’s track record of maintaining healthy asset quality with nil credit costs since inception. The ratings, however, remain susceptible to regulatory changes. Any downward revision in commission yields in the distribution franchise or developments impacting LAMF could affect the Group’s performance.

Liquidity position: Adequate

NJ Capital’s liquidity position remains adequate with an unencumbered cash and bank balance of Rs. 25 crore, un-encumbered investments of Rs. 18 crore in liquid and overnight mutual funds and drawable but unutilised lines of about ~Rs. 81 crore (Rs. 190 crore of un-utilised lines) as on September 30, 2025. The on-balance sheet liquidity, drawable but unutilised lines and inflows from the loan book are adequate for principal debt repayments of Rs. 248 crore till September 30, 2026. NJ Capital also enjoys financial flexibility as it is a part of NJ Group.

Rating sensitivities

Positive factors – Significant scale-up of operations while demonstrating healthy asset quality and profitability on a sustained basis would have a positive impact. Additionally, further strengthening of the credit profile of the flagship entity, i.e. NJ India Invest, would be imperative.

Negative factors – A material change in the linkage with NJ Group and/or a deterioration in the Group’s credit profile would have a negative impact. Besides, sustained profitability pressure and/or weakening of the capitalisation profile due to aggressive growth with a gearing of more than 4.0 times will be credit negatives.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA’s Credit Rating Methodology for Non-banking Finance Companies (NBFCs)
Parent/Group support	NJ Capital is a part of NJ Group (flagship entity: NJ India). The shared brand name, common promoters and strategic importance to the Group strengthen ICRA's belief that NJ Capital and its immediate parent, i.e. NJ Financial Services Private Limited, will receive adequate and timely support (financial as well as operational) from the promoter group, as and when required.
Consolidation/Standalone	Standalone

About the company

NJ Capital, a Reserve Bank of India (RBI) registered NBFC, is a part of NJ Group. It is held by NJ Financial Services Private Limited (~98% stake), which is closely held by NJ Group's promoters. NJ Capital actively commenced lending operations in 2019. It offers retail LAMF in the form of term loans with a monthly repayment structure. As of date, it offers ticket sizes largely in the range of Rs. 0.25 lakh to Rs. 1 crore with LTV of 50% or below for tenures up to 84 months at fixed rates of 11.0-14.75%. Additionally, it offers unsecured partner loans to its partner network. These loans are extended through a tri-partite agreement between NJ India, NJ Capital, and the partner, under which NJ India deducts the equated monthly instalments (EMIs) from the partner's commission and remits the same to NJ Capital. This arrangement has supported NJ Capital in maintaining nil credit costs or gross non-performing advances (GNPAs) since it launched this product. The share of such unsecured exposures is modest at less than 5% of the loan book.

As on September 30, 2025, the company had a loan book of about Rs. 860 crore. On a provisional basis, NJ Capital reported a net profit of Rs. 15 crore in H1 FY2026 on total income of Rs. 57 crore. As on September 30, 2025, its capitalisation profile was characterised by a net worth of Rs. 272 crore and a gearing of 2.3 times.

Promoted by Mr. Neeraj Choksi and Mr. Jignesh Desai, NJ India Invest Private Limited is the flagship entity of NJ Group and is closely held by the promoters. It is one of the leading mutual fund (MF) distributors, in terms of gross commission, and the second largest in terms of assets under distribution (AUD). As on April 30, 2025, the Group had an MF AUD of Rs. 2.47 lakh crore across ~39 lakh clients. Supported by the benefits of improving economies of scale, NJ India has demonstrated strong profitability over the years with an average return on net worth of 32% during FY2021-FY2025. Aided by strong internal accruals and notwithstanding dividend payouts, NJ India's capitalisation profile remains comfortable with a net worth of Rs. 1,396 crore and nil financial leverage as on March 31, 2025.

Key financial indicators (audited)

NJ Capital Private Limited	FY2024	FY2025	H1 FY2026*
Total income	38.4	81.1	57.4
PAT	8.2	21.3	15.1
Total assets	395.1	768.1	925.4
Return on assets	2.8%	3.6%	3.6%
Reported gearing (times)	1.5	2.3	2.3
Gross stage 3	0.0%	0.0%	0.0%
CRAR	31.2%	23.5%	24.0%

Source: Company, ICRA Research; *Unaudited numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Nov 27, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short term	100.00	[ICRA]A1+	Jun 18, 2025	[ICRA]A1+	-	-	-	-	-	-
				Jun 30, 2025	[ICRA]A1+						
Non-convertible debenture	Long term	200.00	[ICRA]AA-(Stable)	Jun 30, 2025	[ICRA]A+(Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	Very Simple
Non-convertible debenture	Simple*

**Subject to change when terms are finalised*

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Commercial paper*	NA	NA	NA	100.00	[ICRA]A1+
INE0MT207015	NCD	Jul 29, 2025	9.8%	Jul 25, 2028	150.00	[ICRA]AA- (Stable)
NA	NCD*	NA	NA	NA	50.00	[ICRA]AA- (Stable)

Source: Company; *Proposed to be issued

Annexure II: List of entities considered for consolidated analysis

Not applicable

Corrigendum

Rationale dated November 27, 2025, has been revised with changes as below:

- The interest rates offered by the company mentioned in page 2 and 7 stands revised to 11.0-14.75% from 12.0-15.5%.
- The liquidity details on page 3 have been revised, with the unencumbered cash and bank balance and drawable but unutilized lines updated to Rs. 25 crore and Rs. 81 crore, respectively, from Rs. 29 crore and Rs. 135 crore. Additionally, the company's unencumbered investments of Rs. 18 crore in liquid and overnight mutual funds have been included.

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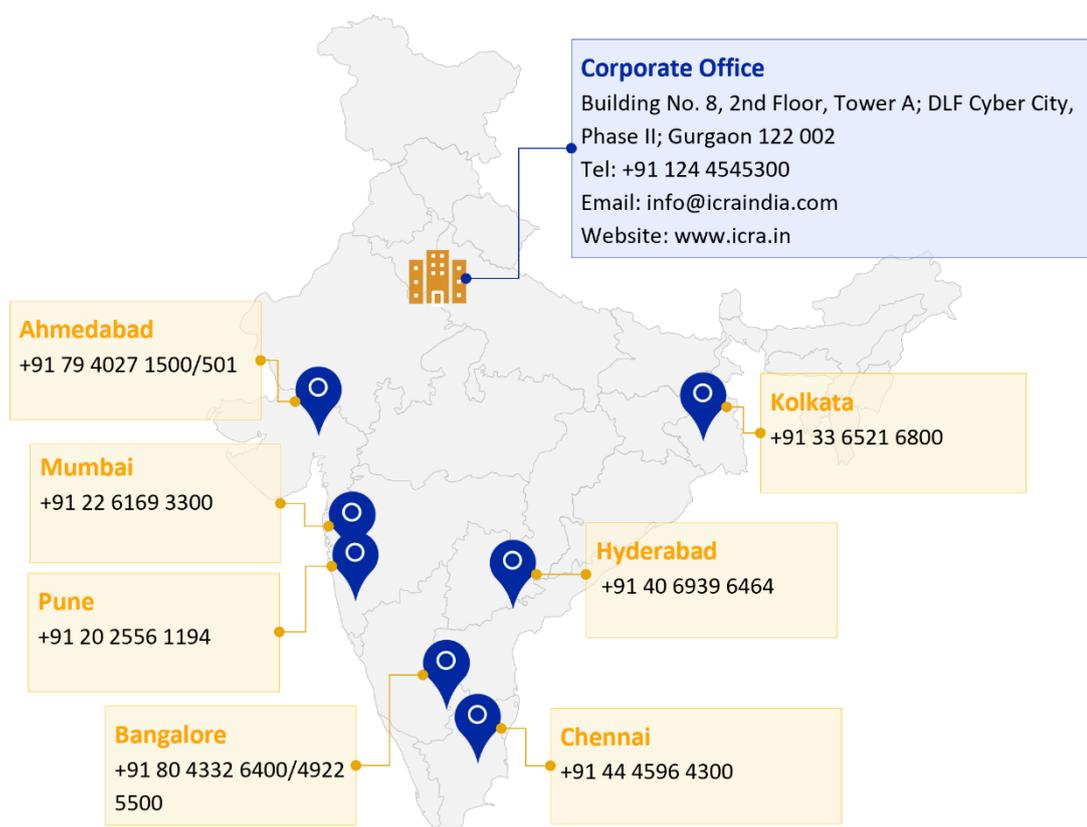
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