

July 28, 2025

## Sarvagram Fincare Private Limited: Rating reaffirmed for PTCs/SNs backed by secured and unsecured loan receivables issued by Magnolia 2024 and RACHAEL TRUST 02 2024

### Summary of rating action

| Trust name            | Instrument*   | Initial rated amount (Rs. crore) | Amount O/s after last rating exercise (Rs. crore) | Amount O/s after Jun-25 payout (Rs. crore) | Rating action           |
|-----------------------|---------------|----------------------------------|---|--|-------------------------|
| Magnolia 2024         | Series A1 PTC | 34.02                            | 34.02   | 14.45                                      | [ICRA]A(SO); reaffirmed |
| RACHAEL TRUST 02 2024 | Series A1 SN  | 55.30                            | 55.30   | 31.62                                      | [ICRA]A(SO); reaffirmed |

\*Instrument details are provided in Annexure I

### Rationale

The pass-through certificates (PTCs)/securitisation notes (SNs) are backed by pools of secured and unsecured business loan receivables originated by Sarvagram Fincare Private Limited (SFPL/Originator). SFPL is also the servicer for the transactions.

The rating action factors in the build-up of the credit enhancement cover over the future PTC/SN payouts on account of high amortisation and healthy pool performance. The rating also draws comfort from the fact that the breakeven collection efficiency is lower than the actual collection level observed in the pools till the June 2025 payout month.

### Pool performance summary

| Parameter   | Magnolia 2024 | RACHAEL TRUST 02 2024 |
|---|---------------|-----------------------|
| Payout month  | June 2025     | June 2025             |
| Months post securitisation  | 17            | 16                    |
| Pool amortisation (as % of initial pool principal)                        | 45.39%        | 38.31%                |
| Series A1 PTC/SN amortisation (as % of initial PTC/SN principal)          | 57.54%        | 42.83%                |
| Last 3 months' average monthly collection efficiency <sup>1</sup>         | 92.57%        | 87.17%                |
| Cumulative collection efficiency <sup>2</sup>                             | 95.62%        | 93.44%                |
| Cumulative prepayment rate <sup>3</sup>                                   | 17.46%        | 17.67%                |
| Loss-cum-0+ days past due (dpd; % of initial pool principal) <sup>4</sup> | 9.17%         | 12.49%                |
| Loss-cum-30+ dpd (% of initial pool principal) <sup>5</sup>               | 7.47%         | 10.95%                |
| Loss-cum-90+ dpd (% of initial pool principal) <sup>6</sup>               | 4.27%         | 6.34%                 |
| Breakeven collection efficiency <sup>7</sup>                              |               |                       |
| Series A1 PTC/SN  | 46.05%        | 62.70%                |

<sup>1</sup> Average of (Total current and overdue collections for the month as a % of Total billing for the month) for 3 months

<sup>2</sup> Cumulative collections/(Cumulative billings + Opening overdue at the time of securitisation)

<sup>3</sup> Principal outstanding at the time of prepayment of contracts prepaid till date/Initial pool principal

<sup>4</sup> Unbilled and overdue principal portion of contracts delinquent for more than 0 days, as a % of Initial pool principal

<sup>5</sup> Unbilled and overdue principal portion of contracts delinquent for more than 30 days, as a % of Initial pool principal

<sup>6</sup> Unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal

<sup>7</sup> (Balance cash flows payable to investor – CC available)/Balance pool cash flows

| Parameter   | Magnolia 2024 | RACHAEL TRUST 02 2024 |
|---|---------------|-----------------------|
| Cumulative cash collateral (CC) utilisation                     | 0.00%         | 0.00%                 |
| CC available (as % of balance pool)                             | 9.16%         | 11.35%                |
| Excess interest spread (EIS; as % of balance pool) <sup>8</sup> |               |                       |
| Series A1 PTC/SN  | 40.35%        | 26.51%                |
| Principal subordination (% of balance pool principal)           |               |                       |
| Series A1 PTC/SN  | 30.02%        | 14.74%                |

## Transaction structure

As per the transaction structure for Magnolia 2024, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. A part of the residual cash flow from the pool (50%), after meeting the promised and expected payouts, will be used for the prepayment of the Series A1 PTC principal while the balance (50%) would be used for the payment to the Originator. Any prepayment in the pool would be used for the prepayment of the Series A1 PTC principal.

As per the transaction structure for RACHAEL TRUST 02 2024, the monthly cash flow schedule comprises the promised interest payout and principal payout (92.00% of the pool principal billed) to Series A1 SN. The balance principal (8.00% of the pool principal billed), is expected to be paid on a monthly basis until the maturity of Series A1 SN. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. However, on the occurrence of predefined acceleration events, the residual EIS every month shall be utilised for accelerating the principal payment due to Series A1 SN. Any prepayment in the pool would be used for the prepayment of the Series A1 SN principal.

## Key rating drivers and their description

### Credit strengths

**Healthy pool performance** – The performance of the pools has been healthy with a cumulative collection efficiency of more than 94% till the June 2025 payout month. Further, there have been no instances of cash collateral (CC) utilisation till date owing to the strong collection performance and the presence of EIS in the transaction.

**Considerable build-up of credit enhancement** – The rating factors in the build-up in the credit enhancement cover with the CC increasing to 9.2 % and 11.4% of the balance pool for Magnolia 2024 and RACHAEL TRUST 02 2024, respectively, from 5.0% and 7.0%, respectively, at the time of securitisation. Internal credit support is also available through the scheduled EIS and subordination.

**Majority of the contracts backed by secured properties** – A major part of the Magnolia 2024 pool, i.e. 99.5%, and all the contracts, in terms of the principal amount outstanding on the cut-off date, for RACHAEL TRUST 02 2024 are backed by secured properties. This is expected to support the quality of the pools as it has been observed that borrowers tend to prioritise repayments towards such loans even during financial stress.

### Credit challenges

**Rising delinquencies in harder buckets** – The pools have seen significant roll-forward into the harder bucket of 90+ days past due (dpd). Limited recoveries are expected from harder buckets, given the unsecured nature of the pools.

<sup>8</sup> (Pool cash flows till PTC maturity month – Cash flows to PTC A1 – Originator's residual share)/Pool principal outstanding

**High geographical concentration** – The pools have high geographical concentration with the top 2 states, viz. Gujarat and Maharashtra, contributing ~85% to the initial pool principal amount. The pools’ performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

**Risks associated with lending business** – The pools’ performance would remain exposed to macro-economic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans.

## Key rating assumptions

ICRA’s cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayments in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator’s loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting collections from the pool, after incorporating the impact of the losses and prepayments, are accounted for in ICRA’s cash flow model, in accordance with the cash flow waterfall of the transaction.

For the current pool, ICRA has estimated the shortfall in the principal collection during the tenure at 6.00% for Magnolia 2024 and 6.25% for RACHAEL TRUST 02 2024 with certain variability around it. The average prepayment rate for the underlying pools is modelled in the range of 12% to 18% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the credit enhancement to arrive at the final rating for the instruments.

## Details of key counterparties

The key counterparties in the rated transactions are as follows:

| Transaction name                   | Magnolia 2024   | RACHAEL TRUST 02 2024   |
|------------------------------------|---|---|
| Originator                         | Sarvagaram Fincare Private Limited                                  | Sarvagaram Fincare Private Limited                                  |
| Servicer                           | Sarvagaram Fincare Private Limited                                  | Sarvagaram Fincare Private Limited                                  |
| Trustee                            | Vardhman Trusteeship Private Limited                                | Catalyst Trusteeship Limited  |
| CC holding bank                    | ICICI Bank<br>[ICRA]AAA (Stable)/[ICRA]A1+ ( <a href="#">link</a> ) | ICICI Bank<br>[ICRA]AAA (Stable)/[ICRA]A1+ ( <a href="#">link</a> ) |
| Collection and payout account bank | ICICI Bank  | ICICI Bank  |

## Liquidity position: Strong

The liquidity for the PTC/SN instruments in the transactions is strong after factoring in the credit enhancement available to meet the promised payout to the investors. The total credit enhancement would be ~5.75 times and ~4.50 times the estimated loss in the pool for Magnolia 2024 and RACHAEL TRUST 02 2024, respectively.

## Rating sensitivities

**Positive factors** – The sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and an increase in the cover available for future investor payouts from the credit enhancement would result in a rating upgrade.

**Negative factors** – The sustained weak collection performance of the underlying pool (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the servicer (SFPL) could also exert pressure on the rating.

## Analytical approach

The rating action is based on the performance of the pools till the June 2025 payout month, the present delinquency levels and the credit enhancement available in the pools, and the performance expected over the balance tenure of the pools.

| Analytical approach             | Comments                                    |
|---------------------------------|---|
| Applicable rating methodologies | <a href="#">Securitisation Transactions</a> |
| Parent/Group support            | Not applicable                              |
| Consolidation/Standalone        | Not applicable                              |

## About the originator

Sarvagaram Fincare Private Limited (SFPL) is a non-deposit taking non-banking financial company (NBFC) that focuses on providing credit products such as farm loans, business loans, housing loans, personal/consumer durable loans, and gold loans to households with multiple sources of income in rural India. It was incorporated in June 2019 and the corporate office is in Mumbai. SFPL is a wholly owned subsidiary of Sarvagaram Solutions Private Limited (SSPL). SSPL provides non-lending financial services such as farm mechanisation solutions, insurance distribution, etc, in the same geographies covered by SFPL through a network of individual franchisees (Sarvamitras). SSPL also provides a digital platform with technology solutions to SFPL.

The Group reported a net loss of Rs. 61 crore in FY2025 on total managed assets<sup>9</sup> of Rs. 2,135.86 crore while it reported a net loss of Rs. 15.94 crore on total managed assets of Rs. 1,221 crore in FY2024. On a standalone basis, SFPL reported a net profit of Rs. 4.89 crore on total managed assets of Rs. 1,960.4 crore in FY2025 while it reported a net profit of Rs. 7.56 crore on total managed assets of Rs. 1,058.9 crore in FY2024.

## Key financial indicators

| SSPL (consolidated)      | FY2022 | FY2023 | FY2024   | FY2025  |
|--------------------------|--------|--------|----------|---------|
| Accounting as per        | IGAAP  | IGAAP  | Ind-AS   | Ind-AS  |
| Total income             | 25.8   | 79.1   | 180.98   | 308.72  |
| Profit after tax         | (29.6) | (34.1) | (19.74)  | (60.99) |
| Total managed assets     | 236.8  | 744.5  | 1343     | 2218    |
| Return on managed assets | -17.7% | -6.9%  | -1.46% % | -2.75%  |
| Managed gearing (times)  | 2.5    | 1.3    | 2.12     | 1.25    |

| SFPL (standalone)                    | FY2022 | FY2023 | FY2024  | FY2025  |
|--------------------------------------|--------|--------|---------|---------|
| Accounting as per                    | IGAAP  | IGAAP  | IGAAP   | IGAAP   |
| Total income                         | 22.0   | 70.3   | 157.62  | 274.33  |
| Profit after tax                     | (21.2) | (19.2) | 7.56    | 4.89    |
| Total managed assets                 | 214.1  | 491.5  | 1058.94 | 1960.42 |
| Return on managed assets             | -15.4% | -5.4%  | -       | 0.25%   |
| Managed gearing (times)              | 3.0    | 5.9    | -       | 1.38    |
| Gross NPA/Gross stage 3 <sup>#</sup> | 1.1%   | 1.0%   | -       | 4.95%   |
| CRAR                                 | 28.0%  | 18.8%  | 21.85%  | 56%     |

Amount in Rs. crore

<sup>#</sup>Gross non-performing advances (GNPAs) for FY2022 and FY2023 are based on 180+ dpd while the same is based on 90+ dpd for H1 FY2024; All ratios as per ICRA's calculations

<sup>9</sup> Managed assets = Total assets (net of goodwill) + Total off-book portfolio

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

| S. no. | Trust name    | Instrument    | Current rating (FY2026)          |                                  | Chronology of rating history for the past 3 years |                         |                         |                         |
|--------|---------------|---------------|----------------------------------|----------------------------------|---|-------------------------|-------------------------|-------------------------|
|        |               |               | Initial rated amount (Rs. crore) | Current rated amount (Rs. crore) | Date & rating in FY2026                           | Date & rating in FY2025 | Date & rating in FY2024 | Date & rating in FY2023 |
|        |               |               |                                  |                                  | Jul 28, 2025                                      | Jul 25, 2024            | Feb 08, 2024            | -                       |
| 1      | Magnolia 2024 | Series A1 PTC | 34.02                            | 14.45                            | [ICRA]A(SO)                                       | [ICRA]A(SO)             | Provisional [ICRA]A(SO) | -                       |

| S. no. | Trust name            | Instrument   | Current rating (FY2026)          |                                  | Chronology of rating history for the past 3 years |                         |                         |                         |
|--------|-----------------------|--------------|----------------------------------|----------------------------------|---|-------------------------|-------------------------|-------------------------|
|        |                       |              | Initial rated amount (Rs. crore) | Current rated amount (Rs. crore) | Date & rating in FY2026                           | Date & rating in FY2025 | Date & rating in FY2024 | Date & rating in FY2023 |
|        |                       |              |                                  |                                  | Jul 28, 2025                                      | Jul 25, 2024            | Mar 05, 2024            | -                       |
| 1      | RACHAEL TRUST 02 2024 | Series A1 SN | 55.30                            | 31.62                            | [ICRA]A(SO)                                       | [ICRA]A(SO)             | Provisional [ICRA]A(SO) | -                       |

### Complexity level of the rated instruments

| Trust name            | Instrument    | Complexity indicator |
|-----------------------|---------------|----------------------|
| Magnolia 2024         | Series A1 PTC | Moderately Complex   |
| RACHAEL TRUST 02 2024 | Series A1 SN  | Moderately Complex   |

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

| Trust name                       | Instrument type | Date of issuance/<br>Sanction | Coupon rate<br>(p.a.p.m.) | Maturity date    | Current rated<br>Amount<br>(Rs. crore) | Current rating |
|----------------------------------|-----------------|-------------------------------|---------------------------|------------------|--|----------------|
| <b>Magnolia 2024</b>             | Series A1 PTC   | February 01, 2024             | 11.10%                    | January 20, 2033 | 14.45                                  | [ICRA]A(SO)    |
| <b>RACHAEL TRUST<br/>02 2024</b> | Series A1 SN    | February 29, 2024             | 11.40%                    | August 15, 2030  | 31.62                                  | [ICRA]A(SO)    |

Source: Company

#### Annexure II: List of entities considered for consolidated analysis

Not applicable

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