

August 06, 2025

Progfin Private Limited: [ICRA]A2 assigned to commercial paper; earlier ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term fund-based bank facilities	350.00	350.00	[ICRA] BBB+ (Stable)/[ICRA]A2; reaffirmed
Commercial Paper	0.00	25.00	[ICRA]A2; assigned
Total	350.00	375.00	

*Instrument details are provided in Annexure I

Rationale

To arrive at the ratings, ICRA has taken a consolidated view of the credit profiles of Progfin Private Limited (Progfin) and its holding company, Desiderata Impact Ventures Pvt. Ltd (DIV), given their business linkages and common management. Progfin and DIV, collectively referred herein as the Progcap Group, offer supply chain finance and working capital term loans to micro, small and medium enterprises (MSMEs) under the Progcap brand. Progfin is fully held by DIV, which, in turn, is backed by investors like Peak XV (Sequoia), Tiger Global, GrowX, Creation Investments and Google.

The assigned rating takes into consideration the Group's healthy capitalisation profile with a net worth of Rs. 743 crore and a managed gearing of 1.5 times, supported by the capital raise of ~Rs. 800 crore since inception. Nonetheless, it would need to raise capital in the near to medium term to grow as per business plans, given its robust growth target and modest internal capital generation. The rating also considers the Group's exposure to small businesses, with ~64% of the portfolio towards accounts with a ticket size of less than Rs. 50 lakh as on June 30, 2025. The Group commenced lending operations through Progfin in October 2022 and had assets under management (AUM) of Rs. 1,640 crore as on June 30, 2025 (Rs. 1,892 crore as on March 31, 2025), prior to which the group was operating as a Loan Service Provider (LSP) to various private sector banks, SFBs and NBFCs through DIV since 2017. ICRA takes note of the diverse set of lenders for the Group's current scale of operations. However, given its growth plans, the Group would have to continue augmenting its lender relationships.

Since the NBFCs lending operations commenced in 2022, the Group has been scaling up its business volumes significantly over the past three years and there has been significant investment towards building the systems and processes and for setting up of teams, leading to high operating expenses. Achieving operating efficiency while increasing scale of operations will remain critical for improvement in the earnings profile. The 90+ days past due (dpd) stood at 1.9% as on June 30, 2025. Nonetheless, asset quality profile is expected to remain volatile, given the underlying borrower profile and unsecured nature of these loans. Going forward, the company's ability to profitably scale up the business while keeping asset quality risks under control would be a key monitorable.

The stable outlook reflects ICRA's expectation that the Group would maintain an adequate capital buffers in view of the unsecured loan book and evolving earnings profile.

Key rating drivers and their description

Credit strengths

Healthy capitalisation profile; nonetheless, capital requirement remains high – The Group has maintained healthy capitalisation levels in relation to its current scale of operations with a net worth of Rs. 743 crore as on June 30, 2025. This was

supported by the capital raise of ~Rs. 800 crore since inception from investors, notably Peak XV (Sequoia Investment), Tiger Global (through Internet Fund VII Pte. Ltd), GrowX Venture Fund, and Creation Investments Social Ventures Fund V. ICRA also notes the regular capital infusions by the holding company in Progfin. Nonetheless, the Group would need to raise capital over the near to medium term to grow as per business plans, given its high growth target. The Group's managed gearing is expected to be about 4 times on a steady-state basis.

Healthy growth prospects and adequate liability profile for current scale of operations – The Group targets MSME retailers in Tier 2 cities and small towns, by leveraging the Progcap network with more than 35,000 active borrowers through anchored supply chain financing and working capital term loans across multiple industries, including two-wheelers, agri inputs, white goods, fast-moving consumer goods (FMCGs) and emerging brands. The target segment comprises small businesses (~89% of the portfolio consisted of accounts with a ticket size of less than Rs. 2 crore as on June 30, 2025), wherein the end use is controlled through disbursements to distributor/anchor accounts, with a tenure of less than 90 days for a major part of the portfolio. Prepayment rates are usually high (~60% average monthly prepayments in FY2025), especially in the supply chain financing business, which leads to a faster churn within the portfolio. The segment, which has typically been underserved, offers good growth prospects for scaling up the business over the medium to long term.

The Group has been expanding the lender base and has developed relationships with eleven banks (including four small finance banks), besides more than seventeen non-banking financial companies (NBFCs) and other lending institutions. It has also diversified its borrowing mix to include market instruments like non-convertible debentures (NCDs) in addition to term loans and working capital demand loans. ICRA takes note of the diverse set of lenders for the Group's current scale of operations. However, given its target growth plans, the Group would have to continue augmenting relationships with lenders while optimising its cost of funds.

Credit challenges

Limited track record of lending operations – Progcap was founded by Ms. Pallavi Shrivastava and Mr. Himanshu Chandra under DIV as a digital lending platform for engagement between retailers/distributors and financiers. Commencing operations in 2017, it was initially a loan service provider (LSP) to banks, SFBs and NBFCs through DIV (holding company and technology platform entity) by leveraging its anchor partner network (more than 120 partners as on June 30, 2025). Post digital lending guidelines in 2022, the Group started lending operations in October 2022 and its AUM stood at Rs. 1,640 crore as on June 30, 2025 (Rs. 1,892 crore as on March 31, 2025), comprising unsecured and working capital term loans. The 90+ days past due (dpd) stood at 1.9% as on June 30, 2025. Supply chain targeted by the company have borrowers with average credit profiles comprising numerous distributors and retailers, hence the portfolio remains susceptible to macro-economic shocks. There is an inherent vulnerability associated with the portfolio, given the unsecured nature of the loans, which is partially mitigated by its nature of being receivable backed (invoice-based financing nature of the portfolio; this accounts for 74% of the overall AUM as on Mar-25) through in-built risk mitigants like anchor backing, risk sharing agreements, stop supply, stock liquidation and First loss default guarantees etc. In this regard, the company's continued ability to manage losses through these key credit mitigants will be a key monitorable.

Evolving profitability metrics¹ – The Group has been scaling up its business volumes significantly over the past three years. This has resulted in high operational expenses, mainly due to the larger share of employee expenses and share-based employee stock ownership plan (ESOP) expenses, and it continued reporting losses till FY2025. The operating costs as a proportion of average managed assets (AMA), while remaining elevated, has declined steadily from 9.1% in FY2024 to 8.1% in FY2025 and further to 7.2% in Q1FY2026 (provisional). This is driven by the lower impact of ESOP expenses on the earnings profile, which is to be less than Rs. 11 crore (Rs. 22 crore in FY2025 and Rs. 33 crore in FY2024) and improvement in the scale of operations. The improvement in NIM+NII from 7.1% in FY2024 to 9.0% in FY2025 and further to 9.5% in Q1FY2026. Notwithstanding, the increase in credit cost as proportion of AMA from 0.8% in FY2024 to 1.2% in FY2025 and further to 1.6% in Q1FY2026 led the

¹ Provisional financials for FY2025 and Q1FY2026

Group to report a profit of ~Rs. 3 crore (provisional) on a consolidated basis in Q1FY2026 vis-a-vis a loss of ~Rs. 5 crore in FY2025 and loss of Rs. 46 crore in FY2024.

Nonetheless, given the nascent stages of operations (lending operations started in October 2022), significant investment has been made in building the systems and processes and setting up teams, leading to high operating expenses. Sustained improvement in operating efficiency and keeping credit cost under control would be key from earnings perspective.

Liquidity position: Adequate

Progin's liquidity position is adequate with positive cumulative mismatches across all buckets, as per the asset-liability maturity (ALM) profile as on June 30, 2025. For the 12-month period ending June 30, 2026, the company has debt obligations of ~Rs. 886 crore against inflows from advances of ~Rs. 1,534 crore. Further, the liquidity is supported by unencumbered cash and cash equivalents and liquid investments of ~Rs. 190 crore as on June 30, 2025. It is additionally aided by the unutilised limits of Rs. 90 crore as on June 30, 2025.

Rating sensitivities

Positive factors – A significant improvement in the earnings profile, while increasing the scale of operations and maintaining a healthy asset quality profile on a sustained basis, would be a credit positive.

Negative factors – Weakening in the asset quality profile, inability to improve the earnings performance or a sustained increase in the managed gearing above 4 times could exert pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's Credit Rating Methodology for Non-Banking Finance Companies (NBFCs)
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidated (details in Annexure II)

About the company

Progin was founded by Ms. Pallavi Shrivastava and Mr. Himanshu Chandra under Desiderata Impact Ventures Pvt. Ltd (DIV) in FY2017 as a digital lending platform for engagement between retailers/distributors and financiers. In September 2022, DIV acquired Hytone Holdings Pvt Ltd, renaming it Progin Private Limited, and commenced lending operations in October 2022, sourcing borrowers through the Progin platform. Progin is a wholly-owned subsidiary of DIV. It provides anchor-led supply chain financing and working capital term loans across multiple industries, including two-wheelers, agri inputs, white goods, FMCGs and emerging brands.

On a standalone basis, Progin reported a profit after tax (PAT) of Rs. 12 crore on total income of Rs. 258 crore in FY2025 compared to Rs. 3.1 crore and Rs. 109 crore, respectively, in FY2024. The PAT for the quarter ending June 30, 2025 stood at Rs. 5 crore on a total income of Rs. 80 crore. Its AUM stood at Rs. 1,640 crore as on June 30, 2025, comprising dealer financing (70%) and working capital term loans (30%) crore.

On a consolidated basis, Progin reported a loss of Rs. 5 crore on total income of Rs. 279 crore in FY2025 compared to a loss of Rs. 46 crore on total income of Rs. 159 crore in FY2024. The PAT for the quarter ending June 30, 2025 stood at Rs. 3 crore on a total income of Rs. 83 crore. The consolidated net worth stood at Rs. 743 crore as on June 30, 2025.

Key financial indicators

DIV (consolidated)	FY2024	FY2025	Q1FY2026
	Actual	Provisional	Provisional
Total Managed Assets	1,826	2,203	1,997
Total Income	159	278	83
Profit After Tax	-46	-6	3
Managed Gearing	1.4	1.9	1.5
CRAR%*	45.2%	37.3%	41.5%
Return on average managed assets	-2.5%	-0.3%	0.6%
GNPA/ Gross Stage 3*	1.5%	1.1%	1.9%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; * CRAR and asset quality indicators pertain to the NBFC – Progfin

Progfin Private Limited (standalone)	FY2024	FY2025	Q1FY2026
	Actual	Provisional	Provisional
Total income	109	258	80
Profit after tax	3	12	5
Total managed assets	1,215	2,131	1920
Managed gearing (times)	1.2	2.5	2.1
CRAR*	45.2%	37.3%	41.5%
Return on average managed assets	0.4%	0.7%	1.0%
GNPA/Gross stage 3*	1.5%	1.1%	1.9%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; * CRAR and asset quality indicators pertain to Progfin

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	FY2026					Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	Aug 06, 2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long Term / Short Term- Others-Fund Based	Long Tem/Short Term	350.00	[ICRA]BBB+ (Stable) / [ICRA]A2	10-Jun-2025	[ICRA]BBB+ (Stable)/[ICRA]A2	-	-	-	-	-	-
				09-Jul-2025	[ICRA]BBB+ (Stable)/[ICRA]A2	-	-	-	-	-	-
Commercial Paper	Short Term	25.00	[ICRA]A2	-	-	-	-	-	-	-	-
Short Term-Unallocated-Unallocated	Short Term			15-May-2025	[ICRA]A2	-	-	-	-	-	-
				10-Jun-2025	[ICRA]A2	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short- term fund-based bank facilities	Very Simple
Commercial Paper	Very Simple

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	Long-term/Short-term fund-based bank facilities	NA	NA	NA	15.00	[ICRA] BBB+ (Stable)/[ICRA]A2
NA	Long-term/Short-term fund-based bank facilities	NA	NA	NA	25.00	[ICRA] BBB+ (Stable)/[ICRA]A2
NA	Long-term/Short-term fund-based bank facilities	NA	NA	NA	310.00	[ICRA] BBB+ (Stable)/[ICRA]A2
Yet to be placed	Commercial Paper	NA	NA	7-365 days	25.00	[ICRA]A2

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Profin Private Limited	Rated entity	Full consolidation
Desiderata Impact Ventures Pvt. Ltd	Parent company	Full consolidation

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