November 04, 2025

SG Finserve Limited: Provisional rating finalised and other ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund-based/Non-fund based bank facilities	150.00	150.00	[ICRA]AA(CE) (Stable); provisional rating finalised
Long term – Fund-based/Non-fund based bank facilities	350.00	350.00	Provisional [ICRA]AA(CE) (Stable); reaffirmed
Non-convertible debentures	150.00	150.00	Provisional [ICRA]AA(CE) (Stable); reaffirmed
Non-convertible debentures	50.00	50.00	[ICRA]AA(CE) (Stable); reaffirmed
Long term – Fund-based/Non-fund based bank facilities	100.00	100.00	[ICRA]AA(CE) (Stable); reaffirmed
Long term – Fund-based/Non-fund based bank facilities	400.00	400.00	[ICRA]AA(CE) (Stable); reaffirmed
Commercial paper	200.00	200.00	[ICRA]A1+; reaffirmed
Total	**1,400.00**	**1,400.00**	

**Instrument details are provided in Annexure I*

Rating in the absence of pending steps/documentation for provisional ratings	**[ICRA]A+**
Rating without explicit credit enhancement	**[ICRA]A+**

Note: The CE suffix mentioned alongside the (provisional) rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The above table also captures ICRA's opinion on (a) the rating if the pending actions/documents are not completed, and (b) the rating without factoring in the proposed explicit credit enhancement

The rating is provisional as of now (as denoted by the prefix, Provisional, before the rating symbol) and is subject to the fulfilment and review of all pending actions/documentation pertaining to the instrument rated by ICRA. The final rating may differ from the provisional rating in case the completed actions/documentation are not in line with ICRA's expectations

Rationale

For the [ICRA]AA(CE) (Stable) rating

ICRA has finalised the provisional rating for SG Finserve Limited's Rs. 150-crore bank line programme and has reaffirmed the rating for the Rs. 50-crore non-convertible debentures (NCDs) and Rs. 500-crore bank line programme, based on the strength of the unconditional and irrevocable corporate guarantee provided by S Gupta Holding Private Limited {SGHPL; rated [ICRA]AA (Stable)} for the captioned facilities. The finalisation of the rating follows the fulfilment of all the conditions under the structure as mentioned to ICRA, including the execution of the guarantee, and the executed documentation being in line with the required terms of the structure.

The Stable outlook reflects ICRA's expectation that SGFL would be able to grow profitably while maintaining the asset quality at prudent levels.

For the Provisional [ICRA]AA(CE) (Stable) rating

The rating for the Rs. 350-crore bank line programme and Rs. 150-crore NCDs is based on the strength of the unconditional and irrevocable corporate guarantee to be provided by SGHPL.

Adequacy of credit enhancement

The rating is based on the credit substitution approach, whereby the rating of the guarantor has been translated to the rating of the said instrument. The guarantee is legally enforceable, irrevocable, unconditional, and covers the entire amount and tenure of the rated instrument. The guarantee includes a payment mechanism for the invocation of the guarantee. Taking cognisance of these factors, the guarantee provided by SGHPL is adequately strong to result in an enhancement in the rating of the said instrument to [ICRA]AA(CE) against the rating of [ICRA]A+ without explicit credit enhancement. Any change in the guarantor's rating in future would reflect in the rating of the aforesaid instrument as well.

Salient covenants of the rated facility

- Minimum security cover of 1.25x by way of hypothecation over receivables
- Gearing should remain less than or equal to 3x
- Capital-to-risk weighted assets ratio (CRAR) should remain greater than or equal to 30%
- Gross non-performing advances (GNPAs) and net NPAs (NNPAs) should remain less than or equal to 3% and 2%, respectively

For the [ICRA]A1+ rating

The rating considers SGFL's adequate capitalisation profile with a net worth of Rs. 1,071 crore and a gearing of 1.8x as on September 30, 2025 (Rs. 1,015 crore and 1.4x, respectively, as on March 31, 2025), supported by regular capital infusions by the promoters and the visibility on future capital infusions through warrant conversions. The rating also factors in the adequate profitability indicators, which are supported by low credit costs and high margins, though the ability to sustain the same through cycles is yet to be established. The return on average managed assets and the return on average net worth stood at 3.9% and 10.1%, respectively, in H1 FY2026 (3.9% and 8.9%, respectively, in FY2025). ICRA expects that SGFL would remain strategically important to the Group as it provides loans to APL Apollo Tubes Limited's (AATL) dealers. Thus, support would be forthcoming as and when required.

The rating also factors in the inherent concentration risk associated with the loan portfolio, given the wholesale nature of the loans. Nevertheless, the asset quality indicators have remained good so far with nil NPAs till September 30, 2025, albeit on limited seasoning. The rating considers the early stage of operations with the company commencing lending operations in August 2022. As for borrowings, SGFL would need to expand its borrowing relationships in line with its business growth and is expected to benefit from the Group's financial flexibility. Overall, the company's ability to scale up the business profitably while maintaining prudent capitalisation and controlling the asset quality would be a key monitorable.

Key rating drivers and their description

Credit strengths

Corporate guarantee from SGHPL – SGFL's borrowings in the form of bank facilities and NCDs are backed by a corporate guarantee from SGHPL. The guarantee is legally enforceable, irrevocable, unconditional, and covers the entire amount and tenor of the rated instrument, and has the other relevant attributes specified in ICRA's methodology for considering a credit enhancement.

Adequate capitalisation levels – SGFL's capitalisation profile is adequate for the current scale of operations with a net worth of Rs. 1,071 crore as on September 30, 2025 and Rs. 1,015 crore as on March 31, 2025 (Rs. 806 crore as on March 31, 2024). Since inception, the promoters have infused Rs. 822.5 crore equity (including Rs. 112.5 crore in October 2024). Further, there is visibility on subsequent capital support from the promoters in the near to medium term through warrant conversions. SGFL's gearing stood at 1.8x as on September 30, 2025 and 1.4x as on March 31, 2025 compared with 1.2x as on March 31, 2024. ICRA expects the leverage to remain below 3x on a steady-state basis.

Adequate profitability, though sustenance of same yet to be tested – SGFL's profitability is supported by low credit costs and high margins, though it has a limited performance history. The company reported good net interest margins (NIMs) of 6.4% in H1 FY2026 and 6.6% in FY2025 despite moderation from 8.8% FY2024 on account of the base effect. It has controlled its operating expenses and credit costs, leading to a return on average managed assets and a return on average net worth of 3.9% and 10.1%, respectively, in H1 FY2026 and 3.9% and 8.9%, respectively, in FY2025 (5.5% and 11.4%, respectively, in FY2024). Going forward, ICRA expects the return on assets (RoA) to decline with the increase in leverage, though it should remain healthy if slippages are controlled.

Credit challenges

Concentration risk due to wholesale nature of loans – SGFL provides channel financing to the dealers of AATL and other large corporates. This is a short-term, high-churn loan book and the company has been able to control fresh slippages in this segment due to its linkages with the anchors. However, given the wholesale nature of the loans, it remains exposed to concentration risk. SGFL has a stop supply arrangement with the anchors of the dealers to whom it extends credit, partially mitigating the credit risk. Over the long term, the ability to grow the portfolio while maintaining control over credit underwriting and achieving profitability would remain a key rating monitorable.

Limited track record of operations – ICRA takes note of the early stage of operations as the company commenced lending operations in August 2022. Following the requirement in the change in the non-banking financial company (NBFC) classification, SGFL had pruned down its scale of operations and restarted the business in August 2024. However, the business picked up subsequently with assets under management (AUM) of Rs. 2,878 crore as on September 30, 2025 and Rs. 2,326 crore as on March 31, 2025. While the company's track record is limited, ICRA expects it to benefit from the Group's track record to scale up its operations, going forward.

Environmental and social risks

Given the service-oriented nature of its business, SGFL does not face material physical climate risks. It is exposed to environmental risks indirectly through its portfolio of assets. If the entities or businesses, to which SGFL has an exposure, face business disruption because of physical climate adversities or if such businesses face climate transition risks because of technological, regulatory or customer behaviour changes, the same could translate into credit risks for SGFL. With regard to social risks, data security and customer privacy are among the key sources of vulnerability for lending institutions as material lapses could be detrimental to their reputation and invite regulatory censure.

Liquidity position

For the [ICRA]AA(CE) (Stable) and Provisional [ICRA]AA(CE) (Stable) rating: Adequate

SGHPL's liquidity position is adequate, corroborated by the free cash and bank balance of Rs. 62 crore as on March 31, 2025, and nil repayment obligations. Moreover, the company can comfortably access financial institutions, leveraging the financial flexibility based on the market value of its investments.

For the [ICRA]A1+ rating: Strong

SGFL's liquidity position is strong with positive cumulative mismatches in the buckets up to 1 year, 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 total outflows of Rs. 1,619 crore against total expected inflows of Rs. 2,270 crore. Further, the liquidity is supported by cash and cash equivalents of Rs. 51 crore and investment in fixed deposits of about Rs. 125 crore as on June 30, 2025.

Rating sensitivities

For the [ICRA]AA(CE) (Stable) and Provisional [ICRA]AA(CE) (Stable) rating

Positive factors – The rating may be upgraded if there is an improvement in the credit profile of SGHPL.

Negative factors – The rating may be downgraded if there is a deterioration in the credit profile of SGHPL. Additionally, a significant deterioration in the company's asset quality indicators and liquidity profile would be a credit negative.

For the [ICRA]A1+ rating

Positive factors – Not applicable

Negative factors – A major change in the shareholding pattern or in the expectation of support from SGHPL or a deterioration in the credit profile of SGHPL could warrant a rating downgrade. Additionally, a significant deterioration in the company's asset quality indicators and liquidity profile would be a credit negative.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's Credit Rating Methodology for Non-banking Finance Companies (NBFCs) ICRA's Policy on Provisional Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

Pending actions/documents required to be completed for conversion of the provisional rating into final

The assigned rating is provisional and would be converted into final upon the execution of:

1. Deed of Guarantee
2. Facility Agreement
3. Any other documents executed for the transaction

Validity of the provisional rating

In case the borrowing facility for which a provisional rating has been assigned is subsequently issued, the provisional rating would have to be converted into a final rating within 90 days (validity period) from the date of availing the borrowing facilities. If considered appropriate, the validity period may be extended by a further 90 days for converting the provisional rating into final, in circumstances where the rated entity expressly indicates its intention to complete the pending actions/documents over the near term. Under no circumstances shall the validity period be extended beyond 180 days from the date of issuance. For further details, refer to ICRA's Policy on Provisional Ratings available at www.icra.in.

If neither the pending actions/documents nor the issuance is completed after one year of the assignment of the provisional rating, ICRA would withdraw the provisional rating. However, the validity period may be extended beyond one year, subject to the conditions outlined in ICRA's Policy on Provisional Ratings available at www.icra.in.

Risks associated with the provisional rating

In case the issuance is completed, but the pending actions/documents are not completed by the entity within 90 days (validity period) from the date of issuance, the provisional rating will be converted into final upon a review of the required actions/documents to the extent these are completed by the end of the validity period. This implies that the provisional rating may even be revised at the end of the validity period, while being converted into final, to a level commensurate with the rating in the absence of the pending actions/documents (as disclosed earlier in the rationale). ICRA may consider extending the validity period in accordance with its Policy on Provisional Ratings available at www.icra.in

About the company

SG Finserve Limited (SGFL), formerly known as Moongipa Securities Limited, is a non-banking financial company (NBFC) established in 1994. It became a part of the APL Apollo Group when its promoters, Mr. Rahul Gupta and Mr. Rohan Gupta, acquired a 56.25% stake on August 20, 2021. Following this, an open offer was conducted, which concluded on July 22, 2022. Initially holding a Type I NBFC licence, SGFL transitioned to a Type II NBFC licence on October 3, 2024.

SGFL is a digital platform specialising in supply chain financing for small and medium-sized enterprises (SMEs) and micro, small and medium enterprises (MSMEs) by partnering with large corporates, i.e. anchors. It offers channel financing to the dealers of APL Apollo Tubes Limited (AATL) and other large corporates. SGFL's assets under management (AUM) stood at Rs. 2,878 crore as on September 30, 2025, Rs. 2,326 crore as on March 31, 2025 and Rs. 1,673 crore as on March 31, 2024.

The company reported a profit after tax (PAT) of Rs. 53 crore in H1 FY2026 on a total managed asset base of Rs. 2,990 crore as on September 30, 2025 compared with a PAT of Rs. 81 crore in FY2025 on a total managed asset base of Rs. 2,416 crore as on March 31, 2025. The net worth stood at Rs. 1,071 crore with a gearing of 1.8x as on September 30, 2025 compared to Rs. 1,015 crore and 1.4x, respectively, as on March 31, 2025. The gross and net NPAs were 0.00% as on September 30, 2025 as well as March 31, 2025.

Key financial indicators

SG Finserve Limited	FY2024	FY2025	H1 FY2026
	Audited	Audited	Unaudited
Total income	189.7	171.0	142.0
PAT	78.6	81.0	53.0
Total managed assets	1,779	2,416	2,990
Return on managed assets	5.5%	3.9%	3.9%
Gearing (times)	1.2	1.4	1.8
Gross stage 3 assets	0.0%	0.0%	0.0%
CRAR	47.8%	43.5%	36.6%

Source: Company, ICRA Research; 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

Instrument	Current (FY2026)						Chronology of rating history for the past 3 years					
							FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Nov-04-2025	14-Oct-25	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long-term others – Fund-based/Non-fund based bank facilities	Long term	150	[ICRA]AA(CE) (Stable)	[ICRA]AA(CE) (Stable)	Apr-08-25	Provisional [ICRA]AA(CE) (Stable)	Nov-29-24	Provisional [ICRA]AA(CE) (Stable)	-	-	-	-
					Jun-03-25	[ICRA]AA(CE) (Stable)	Dec-30-24	Provisional [ICRA]AA(CE) (Stable)	-	-	-	-
					-	-	Mar-13-25	Provisional [ICRA]AA(CE) (Stable)	-	-	-	-
Long-term others – Fund-based/Non-fund based bank facilities	Long term	100	[ICRA]AA(CE) (Stable)	[ICRA]AA(CE) (Stable)	Apr-08-25	Provisional [ICRA]AA(CE) (Stable)	Nov-29-24	Provisional [ICRA]AA(CE) (Stable)	-	-	-	-
					Jun-03-25	Provisional [ICRA]AA(CE) (Stable)	Dec-30-24	Provisional [ICRA]AA(CE) (Stable)	-	-	-	-
					-	-	Mar-13-25	Provisional [ICRA]AA(CE) (Stable)	-	-	-	-
Long-term others – Fund-based/Non-fund based bank facilities	Long term	100	[ICRA]AA(CE) (Stable)	[ICRA]AA(CE) (Stable)	Apr-08-25	[ICRA]AA(CE) (Stable)	Nov-29-24	Provisional [ICRA]AA(CE) (Stable)				
					Jun-03-25	[ICRA]AA(CE) (Stable)	Dec-30-24	Provisional [ICRA]AA(CE) (Stable)				
					-	-	Mar-13-25	Provisional [ICRA]AA(CE) (Stable)				
Long-term others – Fund-based/Non-fund based bank facilities	Long term	150	[ICRA]AA(CE) (Stable)	[ICRA]AA(CE) (Stable)	Apr-08-25	[ICRA]AA(CE) (Stable)	Nov-29-24	Provisional [ICRA]AA(CE) (Stable)				
					Jun-03-25	[ICRA]AA(CE) (Stable)	Dec-30-24	Provisional [ICRA]AA(CE) (Stable)				
					-	-	Mar-13-25	[ICRA]AA(CE) (Stable)				

Instrument	Current (FY2026)						Chronology of rating history for the past 3 years					
							FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Nov-04-2025	14-Oct-25	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Non-convertible debentures	Long term	50	[ICRA]AA(CE) (Stable)	[ICRA]AA(CE) (Stable)	Apr-08-25	[ICRA]AA(CE) (Stable)	Dec-30-24	Provisional [ICRA]AA(CE) (Stable)	-	-	-	-
					Jun-03-25	[ICRA]AA(CE) (Stable)	Mar-13-25	[ICRA]AA(CE) (Stable)	-	-	-	-
Non-convertible debentures	Long term	150	Provisional [ICRA]AA(CE) (Stable)	Provisional [ICRA]AA(CE) (Stable)	-	-	-	-	-	-	-	-
Commercial paper	Short term	200	[ICRA]A1+	[ICRA]A1+	Apr-08-2025	[ICRA]A1+	Nov-27-24	[ICRA]A1+	-	-	-	-
					Jun-03-25	[ICRA]A1+	Nov-29-24	[ICRA]A1+				
					-	-	Dec-30-24	[ICRA]A1+	-	-	-	-
					-	-	Mar-13-25	[ICRA]A1+	-	-	-	-
Long-term others – Fund-based/Non-fund based bank facilities	Long term	150	[ICRA]AA(CE) (Stable)	Provisional [ICRA]AA(CE) (Stable)	-	-	-	-	-	-	-	-
Long-term others – Fund-based/Non-fund based bank facilities	Long term	350	Provisional [ICRA]AA(CE) (Stable)	Provisional [ICRA]AA(CE) (Stable)	-	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Non-convertible debentures	Very Simple
Long term – Fund based/Non-fund based	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
INE618R07012	**Non-convertible debentures**	Feb 10, 2025	9.85%	Feb 10, 2028	50.00	[ICRA]AA(CE) (Stable)
NA	**Non-convertible debentures***	NA	NA	NA	150.00	Provisional [ICRA]AA(CE) (Stable)
NA	**Fund based/Non-fund based**	NA	NA	NA	500.00	[ICRA]AA(CE) (Stable)
NA	**Fund based/Non-fund based**	NA	NA	NA	150.00	[ICRA]AA(CE) (Stable)
NA	**Fund based/Non-fund based**	NA	NA	NA	350.00	Provisional [ICRA]AA(CE) (Stable)
INE618R14018	**Commercial paper**	Oct 28, 2025	7.50%	Jan 27, 2026	50.00	[ICRA]A1+
NA	**Commercial paper***	NA	NA	NA	150.00	[ICRA]A1+

*Source: Company; *Yet to be placed*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Not applicable

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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