

January 15, 2026

Progfin Private Limited: [ICRA] BBB+ (Stable) assigned; ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debentures	350.00	350.00	[ICRA]BBB+ (Stable); reaffirmed
Non-convertible debentures	0.00	575.00	[ICRA]BBB+ (Stable); assigned
Long-term/Short-term fund-based bank facilities	350.00	350.00	[ICRA]BBB+ (Stable)/[ICRA]A2; reaffirmed
Commercial paper	130.00	130.00	[ICRA]A2; reaffirmed
Total	830.00	1,405.00	

*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 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. 742 crore and a managed gearing of 2.3 times as on September 30, 2025, 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 expand 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 ~62% of the portfolio comprising accounts with a ticket size of less than Rs. 50 lakh as on September 30, 2025. It commenced lending operations through Progfin in October 2022 and had assets under management (AUM) of Rs. 2,120 crore as on September 30, 2025 (Rs. 1,844 crore as on March 31, 2025). The Group was previously operating as a loan service provider (LSP) to various private sector banks, small finance banks (SFBs) and non-banking financial companies (NBFCs) through DIV. While ICRA takes note of the diverse set of lenders for the current scale of operations, the Group would need to continue augmenting its lender relationships, given its growth plans.

Since the NBFC lending operation commenced in 2022, the Group has been scaling up its business volumes significantly over the past three years. It has invested significantly towards building the systems and processes and for setting up teams, leading to high operating expenses. Achieving operating efficiency while increasing the scale of operations will remain critical for an improvement in the earnings profile.

The 90+ days past due (dpd) stood at 1.6% as on September 30, 2025. Nonetheless, the asset quality profile is expected to remain volatile, given the underlying borrower profile and the 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 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, though 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. 742 crore as on September 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 Progin. Nonetheless, the Group would need to raise capital over the near to medium term to expand as per business plans, given its high growth target. Its managed gearing is expected to remain below 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 Progin network with more than 31,500 active borrowers through anchored supply chain financing (top 10 anchor concentration was 53.5% of total AUM as on September 30, 2025) 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 (~90% of the portfolio consisted of accounts with a ticket size of less than Rs. 2 crore as on September 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 (average monthly prepayments of ~66% in H1 FY2026), especially in the supply chain financing business, which leads to 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 12 banks (including four SFBs), besides more than 17 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, it would have to continue augmenting relationships with lenders while optimising its cost of funds.

Credit challenges

Limited track record of lending operations – Progin 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 an LSP to banks, SFBs and NBFCs through DIV (holding company and technology platform entity) by leveraging its anchor partner network (more than 130 partners as on September 30, 2025). Following the implementation of digital lending guidelines in 2022, the Group started lending operations in October 2022 and its AUM stood at Rs. 2,120 crore as on September 30, 2025 (Rs. 1,844 crore as on March 31, 2025), comprising invoice-based financing and unsecured working capital term loans. ICRA takes note of the increase in the share of working capital term loans to 36% of AUM as on September 30, 2025 from 31% on March 31, 2025, and expects the same to moderate to ~30% on a steady-state basis. Nonetheless, the 90+ dpd remained broadly stable at 1.6% as on September 30, 2025 compared to 1.1% as on March 31, 2025.

As the supply chain targeted by the company has borrowers with average credit profiles comprising numerous distributors and retailers, the portfolio remains susceptible to macroeconomic shocks. Inherent vulnerability is associated with the portfolio due to the unsecured nature of the loans. This is partially mitigated by its nature of being backed by receivables (invoice-based financing accounted for 64% of the overall AUM as of September 2025) as well as in-built risk mitigants like margin retention, 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 monitorable.

Evolving profitability metrics¹ – The Group has been scaling up its business volumes significantly over the past three years. This has led to high operational expenses, primarily on account of significant employee-related expenses (including share-based employee stock ownership plan (ESOP) expenses), and it continued reporting losses till FY2025. While operating costs, as a proportion of average managed assets (AMA), remained elevated, it declined to 7.0% in H1 FY2026 from 8.1% in FY2025. This was driven by the lower impact of ESOP expenses on the earnings profile, close to Rs. 5 crore in H1 FY2026² (~Rs. 20 crore in FY2025), and the improvement in the scale of operations. Further, net interest margins (NIMs) and credit costs remained broadly stable in H1 FY2026, resulting in an improvement in the profitability with a reported net profit of Rs. 1.4 crore (provisional) vis-à-vis a loss of ~Rs. 6 crore in FY2025 (Rs. 46 crore in FY2024).

Given the nascent stage of operations (lending operations started in October 2022), significant investment has been made in building the systems and processes and for setting up teams, leading to high operating expenses. A sustained improvement in the operating efficiency and keeping credit costs under control would be key from an earnings perspective.

Liquidity position: Adequate

Progfin's liquidity position is adequate with positive cumulative mismatches in the up to 5-year buckets, as per the asset-liability maturity (ALM) profile as on September 30, 2025. For the 12-month period ending June 30, 2026, the company has debt obligations of ~Rs. 1,323 crore against inflows from advances of ~Rs. 2,018 crore. Further, the liquidity is supported by unencumbered cash and cash equivalents and liquid investments of ~Rs. 307 crore as on September 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

Progcap 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 Progfin Private Limited, and commenced lending operations in October 2022, sourcing borrowers through the Progcap platform. Progfin 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, Progfin reported a profit after tax (PAT) of Rs. 12 crore on total income of Rs. 258 crore in FY2025 compared to Rs. 3 crore and Rs. 109 crore, respectively, in FY2024. The PAT for the period ended September 30, 2025 stood

¹ Provisional financials for H1 FY2026

² ESOP expenses are estimated to be less than Rs. 11 crore in FY2026

at Rs. 3.9 crore on total income of Rs. 168.3 crore. The AUM stood at Rs. 2,120 crore as on September 30, 2025, comprising dealer financing (64%) and working capital term loans (36%).

On a consolidated basis, Progcap reported a loss of Rs. 6 crore on total income of Rs. 278 crore in FY2025 compared to a loss of Rs. 46 crore on total income of Rs. 159 crore in FY2024. The PAT for the period ending September 30, 2025 stood at Rs. 1.4 crore on total income of Rs. 173 crore. The consolidated net worth was Rs. 742 crore as on September 30, 2025.

Key financial indicators

DIV (consolidated)	FY2024	FY2025	H1 FY2026
	Audited	Audited	Provisional
Total managed assets	1,826	2,130	2,589
Total income	159	278	173
Profit after tax	-46	-6	1.4
Managed gearing (times)	1.4	1.8	2.3
CRAR*	45.2%	40.3%	34.9%
Return on average managed assets	-2.5%	-0.3%	0.1%
GNPA/Gross stage 3*	1.5%	1.1%	1.6%

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

Managed gearing = (Borrowings + Off-balance sheet advances)/Net worth; Total managed assets = Total assets + Impairment loss allowance on gross loans + Off-balance sheet advances

Progfin Private Limited (standalone)	FY2024	FY2025	H1 FY2026
	Audited	Audited	Provisional
Total income	109	258	168
Profit after tax	3	12	4
Total managed assets	1,215	2,060	2,514
Managed gearing (times)	1.2	2.4	3.1
CRAR*	45.2%	40.3%	34.9%
Return on average managed assets	0.4%	0.7%	0.3%
GNPA/Gross stage 3*	1.5%	1.1%	1.6%

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

Managed gearing = (Borrowings + Off-balance sheet advances)/Net worth; Total managed assets = Total assets + Impairment loss allowance on gross loans + Off-balance sheet advances

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jan 15, 2026	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based – Others	Long term/ Short term	350.00	[ICRA]BBB+ (Stable)/ [ICRA]A2	Jun 10, 2025	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-	-	-	-	-
				Jul 09, 2025	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-	-	-	-	-
				Aug 06, 2025	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-	-	-	-	-
				Aug 28, 2025	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-	-	-	-	-
				Sep 23, 2025	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-	-	-	-	-
				Sep 29, 2025	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-	-	-	-	-
Commercial paper	Short term	130.00	[ICRA]A2	Aug 06, 2025	[ICRA]A2	-	-	-	-	-	-
				Aug 28, 2025	[ICRA]A2	-	-	-	-	-	-
				Sep 23, 2025	[ICRA]A2	-	-	-	-	-	-
				Sep 29, 2025	[ICRA]A2	-	-	-	-	-	-
NCD	Long term	350.00	[ICRA]BBB+ (Stable)	Aug 28, 2025	[ICRA]BBB+ (Stable)	-	-	-	-	-	-

NCD Unallocated limits – Unallocated limits				Sep 23, 2025	[ICRA] BBB+ (Stabl e)	-	-	-	-	-	-
				Sep 23, 2025	[ICRA] BBB+ (Stabl e)	-	-	-	-	-	-
				Sep 29, 2025	[ICRA] BBB+ (Stabl e)	-	-	-	-	-	-
	Long term	575.00	[ICRA]BBB + (Stable)	-	-	-	-	-	-	-	-
	Short term			May 15, 2025	[ICRA] A2	-	-	-	-	-	-
				Jun 10, 2025	[ICRA] A2	-	-	-	-	-	-

LT: Long term; ST: Short term

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term fund-based bank facilities	Simple
Commercial paper	Simple
Non-convertible debenture	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	FY2027	296.04	[ICRA]BBB+ (Stable)/[ICRA]A2
NA	Long-term/Short-term fund-based bank facilities*	NA	NA	NA	53.96	[ICRA]BBB+ (Stable)/[ICRA]A2
INE0MYJ14084	Commercial paper	Oct-01-2025	11.70	Feb-02-2026	50.00	[ICRA]A2
Yet to be placed	Commercial paper	NA	NA	7-365 days	80.00	[ICRA]A2
INE0MYJ07112	Non-convertible debenture	Sep-19-2025	11.00	Oct-04-2026	70.00	[ICRA]BBB+ (Stable)
INE0MYJ07120	Non-convertible debenture	Sep-26-2025	11.00	Jan-26-2027	100.00	[ICRA]BBB+ (Stable)
INE0MYJ07138	Non-convertible debenture	Oct-13-2025	11.00	Jan-13-2027	100.00	[ICRA]BBB+ (Stable)
INE0MYJ07146	Non-convertible debenture	Oct-29-2025	11.15	Jul-29-2027	50.00	[ICRA]BBB+ (Stable)
Yet to be placed	Non-convertible debenture	NA	NA	NA	605.00	[ICRA]BBB+ (Stable)

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

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

ANALYST CONTACTS

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

Sandeep Sharma
+91 22 6114 3419
sandeep.sharma@icraindia.com

Ajay Bathija
+91 22 6114 3448
ajay.bathija@icraindia.com

A M Karthik
+91 44 4596 4308
a.karthik@icraindia.com

Atharva Pednekar
+91 22 6114 3438
atharva.pednekar@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

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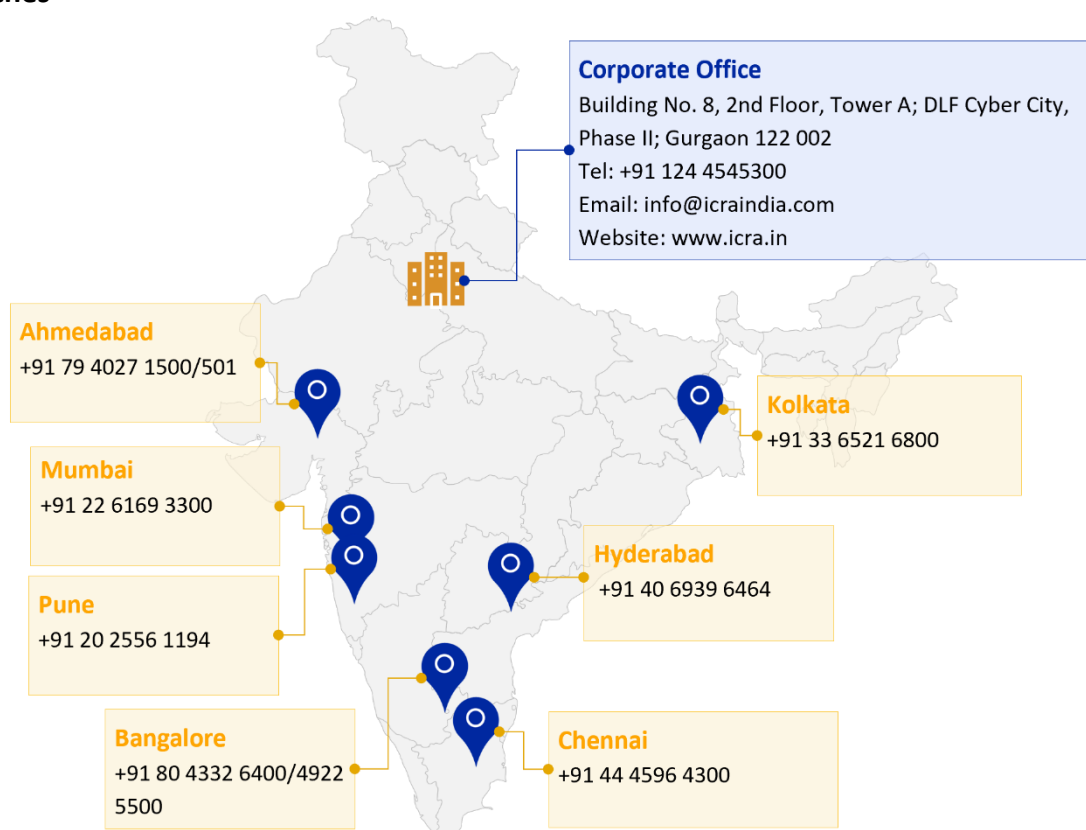
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



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