

February 27, 2026

Sarvagram Fincare Private Limited: [ICRA]BBB+ (Stable) assigned to NCD; ratings reaffirmed and rated amount enhanced

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	400.00	500.00	[ICRA]BBB+ (Stable)/[ICRA] A2; reaffirmed/assigned for enhanced amount
NCD programme	250.00	250.00	[ICRA]BBB+ (Stable); reaffirmed
NCD programme	0.00	200.00	[ICRA]BBB+ (Stable); assigned
Total	650.00	950.00	

*Instrument details are provided in Annexure-I

Rationale

To arrive at the ratings, ICRA has taken a consolidated approach for the credit profiles of Sarvagram Fincare Private Limited (SFPL) and Sarvagram Solutions Private Limited (SSPL), collectively referred herein as the Sarvagram Group.

The reaffirmation of the ratings factors in the Group's comfortable capitalisation profile, supported by the sizeable equity infusion in 2025, which shall support its growth plans over the medium term. Nonetheless, it would need to raise capital subsequently to expand as per its business plans, given its robust growth target and modest internal capital generation. The Group had a net worth^[1] of about Rs. 792 crore and a managed gearing of 1.4 times as on December 31, 2025. The ratings also take into consideration the Group's focus on rural financing with good growth potential.

The ratings are, however, constrained by the inherently risky customer profile, which is susceptible to asset quality shocks, and the low seasoning of the portfolio as it expanded significantly over the last 36 months. The Group's asset quality deteriorated with delinquencies rising in FY2025 and 9M FY2026 with the 90+ days past due (dpd) increasing to 5.2% as on December 31, 2025 and 5.0% as on March 31, 2025 (2.0% as on March 31, 2024). ICRA, however, takes note of the corrective measures taken by the Group in FY2026, including the tightening of the underwriting policy, strengthening of the collections teams and legal processes among others. ICRA also takes note of the sale of non-performing advances (NPAs)/written-off loans to an asset reconstruction company during 9MFY2026; collections from this pool shall be monitorable in the near term.

The company is incrementally focussing on increasing the share of the mortgage-backed secured portfolio in its assets under management (AUM) with the same rising to 80% in December 2025 from 72% in December 2024, providing some comfort. The ratings also consider the Group's subdued earnings profile, characterised by net losses over the last two financial years and in 9M FY2026. ICRA takes note of the month-on-month (MoM) improvement in earnings on a consolidated basis since November 2025. Going forward, improving the operational efficiency while keeping the credit costs under control would be critical for enhancing the earnings profile on a sustained basis.

ICRA also notes that the Group has breached some of the asset quality-related financial covenants in respect of substantial borrowings December 2025. It has applied for covenant waivers for these borrowings. In the near term, its ability to obtain the requisite waivers and improve its performance, thereby restricting any adverse action from the lenders, would be a key monitorable. Nevertheless, ICRA notes that the company is maintaining adequate liquidity on a standalone basis (on-balance sheet unencumbered cash and liquid investments of Rs. 229.7 crore as on December 31, 2025), sufficient to cover approximately six months of debt repayment obligations without considering inflows from loan collections.

The Stable outlook factors in the Group's comfortable capitalisation profile and the expected improvement in its earnings profile, going forward.

^[1] Net worth adjusted for goodwill stood at Rs. 761 crore as on December 31, 2025

Key rating drivers and their description

Credit strengths

Comfortable capitalisation profile – The Group has maintained comfortable capitalisation metrics, supported by regular capital infusions. SSPL has raised equity of Rs. 950 crore since inception (including Rs. 550 crore in FY2025) from notable private equity (PE) investors such as Elevar Equity, Elevation Capital, Temasek, TVS Capital and Peak XV Partners. ICRA also notes the regular capital infusions by SSPL in the non-banking financial company (NBFC) – SFPL, totalling Rs. 743 crore till date. The Group's net worth stood at ~Rs. 792 crore as on December 31, 2025 (Rs. 788 crore as on March 31, 2025) with the managed gearing at 1.4 times as on December 31, 2025 (1.5 times and 2.6 times as on March 31, 2025, and March 31, 2024, respectively).

Nonetheless, the Group would need to raise capital over the medium term to expand as per its business plans, given its high growth target. ICRA expects the managed gearing to be capped at 4 times.

Focus on rural finance with good growth potential – The Group's target customers are rural households, a segment which has typically been underserved and offers good growth potential over the medium-to-long term. As of December 2025, the Group had an operational presence across 5 states (Rajasthan, Gujarat, Maharashtra, Karnataka and Telangana) through 168 branches. The AUM increased at a compound annual growth rate (CAGR) of 141% during FY2021-FY2025, supported by branch expansion. Further, it had grown by ~19% (on an annualised basis) in 9M FY2026 to Rs. 1,495 crore as on December 31, 2025 (Rs. 1,311 crore as on March 31, 2025). The Group's field presence, through its branch operations, is complemented by the digitally-enabled support processes, including for the onboarding of customers, the know your customer (KYC) process, credit underwriting and collections. ICRA notes that the Group has been strengthening the field collections team, legal processes and underwriting policy in FY2026, in view of the deterioration in the asset quality performance; sustained improvement on count of the above would be key for the asset quality performance going forward.

The founders have long-standing experience in rural finance. SSPL has a five-member board consisting of one independent director, two nominee directors representing the PE investors (Elevar Equity and Elevation Capital), and two co-founder directors. SFPL has a five-member board, including two independent directors.

Credit challenges

Modest customer segment; increasing delinquency trend – The Group's target customer profile is rural households, with sources of income from farms (dairy income, agricultural income, etc), small businesses or salary. As of December 2025, around 27% of the exposures were towards customers with primary income from the farm/dairy segment. ICRA notes that this segment is inherently risky with uneven cash flows and susceptibility to asset quality shocks. The 90+ dpd increased to 5.2% as on December 31, 2025 and 5.0% as on March 31, 2025 (2.0% as on March 31, 2024) on account of macroeconomic factors and challenges faced in specific geographies. The company also executed the sale of Rs. 79.9 crore of NPAs/written-off loans to an asset reconstruction company, for which the Group has received SRs; collections from this pool shall be monitorable in the near term.

The Group typically targets households with multiple income sources and credit history. The share of the secured portfolio stood at 80% as on December 31, 2025, providing some comfort. Nevertheless, given the limited track record of operations, the portfolio lacks seasoning. Thus, the ability to manage the asset quality and bring delinquencies under control as the portfolio scales up is yet to be seen and would remain a key monitorable.

Subdued earnings profile^[2] – The Group has been scaling up its operational infrastructure significantly, including branches, technology-related augmentation and employee base, over the last few years. This has resulted in high operating expenses

and the Group has continued reporting losses. Notwithstanding the reduction in the operating cost ratio (11.5% in FY2025 from 13.1% in FY2024) and stable net interest margins (NIMs; 9.1% in FY2025 as well as FY2024), the deterioration in the asset quality led to higher credit costs (2.9% in FY2025 compared to 1.3% in FY2024). This resulted in a decline in the return on managed assets (RoMA), on a consolidated basis, to -3.7% in FY2025 from -2.0% in FY2024.

The profitability improved in 9M FY2026 with the RoMA standing at -2.0%, supported by the lower operating cost ratio (11%) due to operational efficiency, and higher NIMs (9.6%). Credit costs remained elevated at 2.4% in 9M FY2026. As per the provisional data, the Group reported monthly profits in November and December 2025. The company's ability to contain the credit costs while improving the operating efficiency will be key for a sustained improvement in its profitability.

As SFPL is transitioning to Ind-AS in FY2026, on a standalone basis, it reported a loss of Rs. 7.0 crore in 9M FY2026 (Ind-AS) compared to a profit of Rs. 4.9 crore ^[3] in FY2025 (IGAAP) and Rs. 7.6 crore in FY2024 (IGAAP). Going forward, ICRA expects the profitability to improve with the planned scaling-up of the loan portfolio, supported by an improvement in the operational efficiency. However, it would be critical to keep credit costs under control.

^[2] Provisional financials for 9M FY2026

^[3] The NBFC reported a loss of Rs. 21.6 crore in FY2025 basis provisional Ind-AS financials

Liquidity position: Adequate

SFPL's (standalone) liquidity position is adequate with positive cumulative mismatches in the up to 1-year buckets, as per the asset-liability maturity (ALM) profile as on December 31, 2025. The company was carrying unencumbered cash and liquid investments of Rs. 229.7 crore as on December 31, 2025. It expects inflows from advances of ~Rs. 508 crore against debt obligations of Rs. 460 crore over the next one year.

The funding mix comprised borrowings from NBFCs (36%), banks (24%), non-convertible debentures (NCDs; 32%) and pass-through certificates (PTCs; 8%) as on December 31, 2025. Going forward, the share of bank borrowings is expected to increase as the Group diversifies its borrowing profile. ICRA notes that the company was in breach of some financial covenants with its lenders.

Rating sensitivities

Positive factors – A significant improvement in the earnings profile, supported by enhanced operating efficiency and stable asset quality, would have a positive impact.

Negative factors – Deterioration in the asset quality, resulting in 90+ dpd of more than 5%, or a sustained increase in the managed gearing above 5 times could exert pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-Banking Finance Companies (NBFCs)
Parent/group Support	Not Applicable
Consolidation/standalone	The ratings are based on the consolidated financial statements of Sarvagam Solutions Private Limited and its subsidiary, Sarvagam Fincare Private Limited

About the company

Sarvagam Fincare Private Limited (SFPL) is a non-deposit taking NBFC that focusses 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 November 2018, and the corporate office is in Mumbai. SFPL is a 100% subsidiary of Sarvagam Solutions Private Limited (SSPL). SSPL provides non-lending financial services such as farm mechanisation

solutions, insurance distribution, etc, in the same geographies catered to 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. 31 crore in 9M FY2026 (provisional) on total managed assets of Rs. 1,970 crore (provisional) while it reported a net loss of Rs. 61 crore on total managed assets of Rs. 2,090 crore in FY2025. On a standalone basis, SFPL reported a net loss of Rs. 7 crore in 9M FY2026 (provisional) on total managed assets of Rs. 1,870 crore (provisional) while it reported a net profit of Rs. 4.9 crore on total managed assets of Rs. 1,960 crore in FY2025.

Key financial indicators (audited)

SSPL (consolidated)	FY2024	FY2025	9M FY2026*
Accounting as per	Ind-AS	Ind-AS	Ind-AS
	Audited	Audited	Prov.
Total income	181.0	309.0	271.0
Profit after tax	-20.0	-61.0	-31.0
Total managed assets	1,176	2,090	1,970
Return on managed assets	-2.0%	-3.7%	-2.0%
Managed gearing (times)	2.6	1.5	1.4

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

SFPL (standalone)	FY2024	FY2025	9M FY2026*
Accounting as per	IGAAP	IGAAP	Ind-AS
	Audited	Audited	Prov
Total income	158.0	274.0	260.0
Profit after tax	7.6	4.9	-7.0
Total managed assets	1,059	1,960	1,870
Return on managed assets	1.0%	0.3%	-0.5%
Managed gearing (times)	3.8	1.7	1.6
Gross Stage 3	2.0%	5.0%	5.2%
CRAR	21.9%	56.0%	40.1%

Source: Company, ICRA Research; *Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; Managed gearing = Borrowings + Off-balance sheet advances/Net worth (net of goodwill); Total managed assets = Total assets (net of goodwill) + Impairment loss allowance on gross loans + Off-balance sheet advances

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Feb 27, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long-term/Short-term fund based–Others	Long term/Short term	500.00	[ICRA]BBB+ (Stable)/ [ICRA]A2	Sep 04, 2024	[ICRA]BBB (Stable)/ [ICRA]A3+	Jan-08-2024	[ICRA]BBB (Stable)	-	-
				Feb 03, 2025	[ICRA]BBB+ (Stable)/ [ICRA]A2				
NCD programme	Long term	200.00	[ICRA]BBB+ (Stable)	-	-	-	-	-	-
NCD programme	Long term	250.00	[ICRA]BBB+ (Stable)	Sep 04, 2024	[ICRA]BBB (Stable)	Jan 08, 2024	[ICRA]BBB (Stable)	-	-
				Feb 03, 2025	[ICRA]BBB+ (Stable)				

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based – Bank Facilities	Simple
NCD programme	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 fund based	-	-	FY2031	310.90	[ICRA]BBB+ (Stable)
NA	Short term fund based – Overdraft	-	-	-	0.50	[ICRA]A2
NA	Long term/Short term fund based – Others (unallocated)	-	-	-	188.6	[ICRA]BBB+ (Stable)/[ICRA]A2
INE0LEQ07160	NCD programme	Feb 05, 2026	12.10%	Apr 17, 2029	15.00	[ICRA]BBB+ (Stable)
INE0LEQ07152	NCD programme	Dec 23, 2025	12.20%	Apr 17, 2029	15.00	[ICRA]BBB+ (Stable)
INE0LEQ07145	NCD programme	Jun 24, 2025	12.30%	Apr 17, 2029	20.00	[ICRA]BBB+ (Stable)
INE0LEQ07103	NCD programme	Oct 16, 2024	12.87%	Oct 31, 2027	75.00	[ICRA]BBB+ (Stable)
INE0LEQ07087	NCD programme	Sep 17, 2024	12.00%	Sep 13, 2027	15.00	[ICRA]BBB+ (Stable)
INE0LEQ07095	NCD programme	Aug 31, 2024	13.00%	Aug 30, 2027	20.00	[ICRA]BBB+ (Stable)
INE0LEQ07079	NCD programme	Jun 29, 2024	13.00%	Jan 15, 2028	25.00	[ICRA]BBB+ (Stable)
INE0LEQ07061	NCD programme	Feb 29, 2024	13.00%	Sep 20, 2026	25.00	[ICRA]BBB+ (Stable)
INE0LEQ07053	NCD programme	Jan 31, 2024	13.00%	Sep 20, 2026	50.00	[ICRA]BBB+ (Stable)
Unallocated	NCD programme^	NA	NA	NA	190.0	[ICRA]BBB+ (Stable)

Source: Company; ^ Yet to be placed/Proposed

[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
Sarvagram Solutions Private Limited	Parent	Full consolidation
Sarvagram Fincare Private Limited	100.0%*	Full consolidation

*Held by Sarvagam Solutions Private Limited

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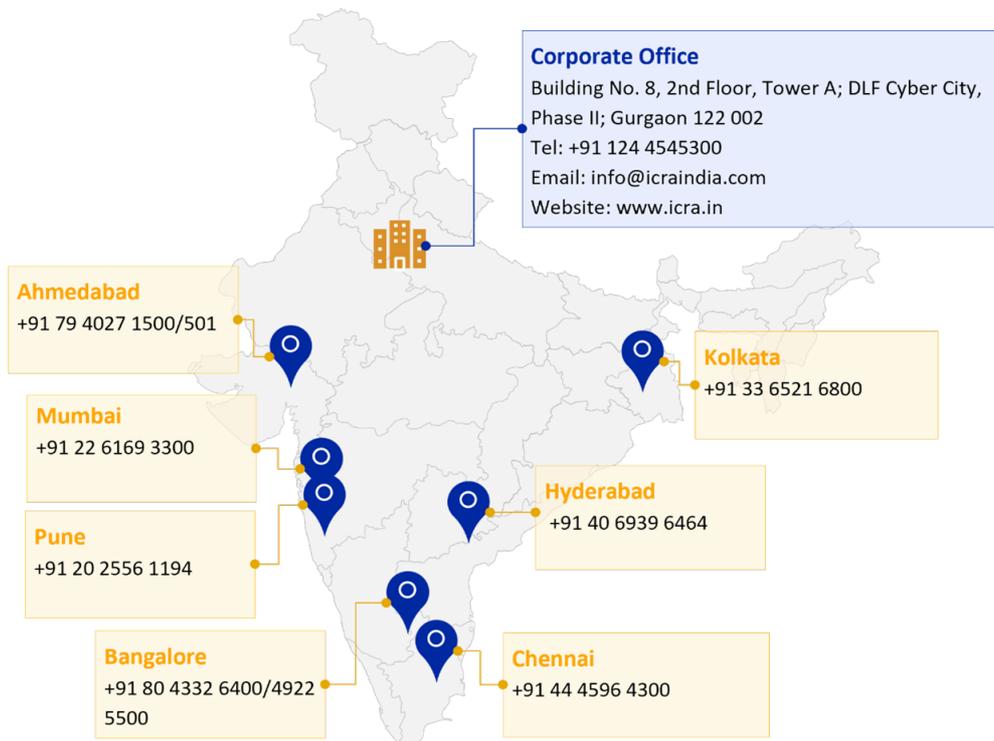


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