**March 12, 2026**

# Saarathi Finance and Credit Private Limited: [ICRA]A-(Stable) assigned; ratings reaffirmed

## Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|---|---|---|---|
| **Commercial Paper** | 100.00 | 100.00 | [ICRA]A2+ ; Reaffirmed |
| **Long Term Fund Based Bank Facilities** | 500.00 | 500.00 | [ICRA]A-(Stable); Reaffirmed |
| **Non- Convertible Debentures** | 0.00 | 100.00 | [ICRA]A-(Stable); Assigned |
| **Total** | **600.00** | **700.00** | |

**Instrument details are provided in Annexure-I*

## Rationale

The assigned ratings consider Saarathi Finance and Credit Private Limited's (SFCPL) healthy capitalisation profile with a net worth of Rs. 471.8 crore as on December 31, 2025, supported by the capital raise of ~Rs. 477 crore (including Rs.20 crore in October 2025) since inception. The ratings also factor in the company's focus on the retail secured finance segment, backed by its experienced management team. As on date, the Founder- Chief Executive Officer (CEO) held 49% stake with private equity (PE) investors such as TVS Capital, Evolvence, Lok Capital and Paragon Partners together having a 35.5% stake.

The rating is, however, constrained by the company's nascent operations and their significant investment in building the required control systems and processes and setting up teams which has led to high operating expenses. SFCPL has established 62 branches in six states as of January 2026 and is expected to increase the branch network to 70-75 by March 2026. The profitability from the core lending business is therefore expected to improve only over a period as the operating efficiencies improve. ICRA, nevertheless, takes note of the fee-based incomes from debt syndication and loan collection arrangements which shall support SFCPL's earnings till the lending business stabilises and starts providing business returns. Over the long term, fee-income is expected to contribute only a modest share of the overall earnings, after the core lending-business scales up.

ICRA notes that while the current focus is on secured loans (backed by mortgage), the company is expected to have an exposure up to 15% to unsecured business loans in the medium to long term. The company's ability to profitably scale up the business while maintaining resilient asset quality would be a key monitorable, considering the low seasoning of the secured loans in the near-to-medium term, and the expected increase in share of unsecured loans. Further, SFCPL's ability to build a well-diversified resource profile with competitive terms on a sustained basis would remain critical, considering its growth plans.

The Stable outlook reflects ICRA's expectation that the company will maintain adequate capital buffers and improve its earnings profile while sustaining its portfolio growth.

## Key rating drivers and their description

### Credit strengths

**Healthy capitalisation to support growth over the near to medium term –** SFCPL has healthy capitalisation level with a net worth of Rs. 471.8 crore as on December 31, 2025. The company raised equity capital of ~Rs.477 crore (Rs.110 crore by Founder & CEO (including Rs.20 crore in October 2025), Rs.320 crore from marquee investors such as TVS Capital, Evolvence, Lok Capital and Paragon Partners and Rs. 47 crore from other investors. The current capital is adequate to meet its growth plans for the next 12-18 months; the company' AUM is expected increase to about Rs. 2,500-3,200 crore by March 2028 and further equity infusion is expected by FY2028.
SFCPL plans to undertake loan collections of stressed assets in association with an asset reconstruction company (ARC), which would require some investment. However, the same is very modest at present and is not likely to increase beyond Rs. 10 crore over the longer term, thus credit risk in this is expected to remain under control. The managed gearing is expected to be 3-4 times in the next two years and is projected to remain below 4 times on a steady-state basis over the longer term.

**Focus on retail secured finance with healthy growth prospects –** As on January 31, 2026, SFCPL's portfolio almost entirely comprised secured loans (backed by mortgage). The product profile includes secured business loans (Rs. 3-25 lakh) and unsecured business loans (Rs. 0.5-3 lakh), which offer healthy growth potential over the medium to long term. The portfolio is currently spread across six states (through a network of 62 branches, with collections and most of the sourcing managed in-house. SFCPL aims to maintain a mix of secured and unsecured loans of 85:15 on a steady state basis while scaling up its operations and expanding its geographical footprint in the existing states (Uttar Pradesh, Rajasthan, Karnataka, Andhra Pradesh, Telangana, and Tamil Nadu) within semi-urban and rural areas with proximity to small and medium business hubs. The company intends to consolidate its position in these states over the next 2-3 years and then gradually broaden its reach to other states.

### Credit challenges

**Nascent stage of operations –** SFCPL received its license as a non-banking financial company (NBFC) and commenced its lending operations in April 2025 and, as on January 31, 2026, reported a modest Assets Under Management (AUM) of Rs. 336.1 crore. Given the limited seasoning of the book, asset quality is yet to be tested. Nonetheless, the company has formulated a well-defined credit underwriting framework and risk management, risk and technology architecture and collections framework to support the scaling up of operations. SFCPL complements its core retail lending model with a fee-based business, encompassing debt advisory services and retail loan collections, aimed at enhancing profitability in the near term till the scale-up of the core lending business. Over the long term, fee-income is expected to contribute only a modest share of the overall earnings. Given the healthy capitalisation profile, the company's operations, thus far, have been funded largely by equity and there are limited borrowings as on date (five lenders, including three banks with total loans sanction of Rs. 307 crore). SFCPL is in advanced stages of discussions with various banks to raise long-term facilities with an expected tenure of 3-4 years. SFCPL's ability to build a well-diversified resource profile at competitive terms on a sustained basis would remain critical, considering its growth.
The founder Mr. Vivek Bansal has long-standing experience banking and financial services industry. SFCPL has a 7-member board, including the two independent directors and three nominee directors

representing the PE investors (Lok Capital, Evolvence & Paragon Partners). The company has strengthened its leadership structure by filling all critical roles in its second line of management.

**Evolving profitability metrics; expected to improve steadily going forward –** The company reported a net loss of Rs. 0.5 crore in 9MFY2026 and 3.4 crore in FY2025 due to high operating expenses associated with the early stage of operations (including one time stamp duty of Rs.3.5 crore for equity fund raise). Given the focus on the granular retail segments and the initial stage of business, operating expenses are expected to remain high over the near term as the company expands its operations and would consequently require branch network expansion and man-power addition as well as continued investments for technology and processes. The profitability from the core lending business is thus expected to improve only over a period as the operating efficiencies improve. ICRA takes note of the month-on-month earnings trends since June 2025 which provides visibility on the improvement in the earnings profile from the core-lending business. As per provisional financials, it reported a profit before tax of Rs. 30 lakh in December 2025 from its core lending business, improving from an average monthly loss of ~Rs. 57 lakh in the preceding 4 months (As per IndAS). ICRA, however, takes note of the fee-based incomes from the debt syndication and loan collection arrangements which shall support SFCPL's earnings till the lending business stabilises and starts providing business returns. Over the long term, fee-income is expected to only contribute a modest share of overall earnings, after the core lending-business scales up. SFCPL's ability to profitably scale up the business while maintaining resilient asset quality would be a key monitorable.

## Liquidity position: Adequate

SFCPL's liquidity position is adequate with positive cumulative mismatches up-to five-year bucket, as per the asset-liability maturity (ALM) profile as on December 31, 2025. For the 12-month period ending December 31, 2026, the company has debt obligations of ~Rs. 47 crore against the inflows from advances of ~Rs. 16 crore. Further, the liquidity is supported by unencumbered cash and cash equivalents and investments of about ~Rs. 327 crore as on December 31, 2025. Liquidity profile is additionally supported by unutilized limits of Rs. 152 crore as on December 31, 2025.

## Rating sensitivities

**Positive factors -** The company's rating could be positively impacted if the company is able to build up scale and with significant improvement in the earnings profile with RoMA exceeding 3.5% on a sustained basis and maintaining a healthy asset quality profile.

**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 rating.

## Analytical approach

| Analytical approach | Comments |
|---|---|
| **Applicable rating methodologies** | Non-Banking Finance Companies (NBFCs) |
| **Parent/group Support** | Not Applicable |

| Analytical approach | Comments |
| --- | --- |
| Consolidation/standalone | Standalone |

## About the company

Saarathi Finance and Credit Private Limited (SFCPL) was incorporated in August 2024, founded by Mr. Vivek Bansal , and received NBFC license in April 2025. It commenced operations in April 2025 and provides loans to MSMEs across semi-urban and rural India. The company largely focuses on the self-employed customer segment for MSME lending. The company is backed by notable investors such as TVS Capital (holding 10% stake as on October 2025), Evolvence (10%), Lok Capital (10%), Paragon Partners (5.5%).
As on January 31, 2026, the company is operating out of 6 states of Uttar Pradesh, Rajasthan, Karnataka, Andhra Pradesh, Telangana, and Tamil Nadu through ~62 branches and employee base of ~750 across these states and has a portfolio of ~Rs. 336.1 crore.

### Key financial indicators (audited)

| Standalone | FY2025 | 9M FY2026 |
| --- | --- | --- |
| | Audited | Provisional |
| **Total income** | 0.3 | 50.7 |
| **PAT** | -3.4 | -0.5 |
| **Total managed assets** | 22.8 | 641 |
| **Return on managed assets** | -30.1% | -0.2% |
| **Managed gearing (times)** | 0.0 | 0.3 |
| **Gross stage 3 (%)** | 0.0% | 0.0% |
| **CRAR (%)** | NA | 84.99% |

*Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. Crore*

### Status of non-cooperation with previous CRA: Not applicable

### Any other information: Not applicable

## Rating history for past three years

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| Instrument | Current rating(FY2026) | | | Chronology of rating history for the past 3 years | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Type | Amount rated (Rs crore) | March 12, 2026 | FY2026 | | FY2025 | | FY2024 | | FY2023 | |
| | | | | Date | Rating | Date | Rating | Date | Rating | Date | Rating |
| **Commercial Paper** | Short-term | 100.00 | [ICRA]A2+ | January 06, 2026 | [ICRA]A2+ | - | - | - | - | - | - |
| **Long Term Fund Based Bank Facilities** | Long-term | 500.00 | [ICRA]A- (Stable) | January 06, 2026 | [ICRA]A- (Stable) | - | - | - | - | - | - |
| **Non-Convertible Debentures** | Long-term | 100.00 | [ICRA]A- (Stable) | - | | - | - | - | - | - | - |

## Complexity level of the rated instruments

| Instrument | Complexity indicator |
|---|---|
| **Commercial Paper** | Simple |
| **Long Term Fund Based Bank Facilities** | Simple |
| **Non-Convertible Debentures** | 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 / sanction | Coupon rate | Maturity date | Amount rated (Rs. crore) | Current rating and outlook |
|---|---|---|---|---|---|---|
| **NA** | **Long Term Fund Based Bank Facilities** | NA | NA | FY2028 | 307 | [ICRA]A- (Stable) |
| **NA** | **Long Term Fund Based Bank Facilities** | NA | NA | NA | 193 | [ICRA]A- (Stable) |
| **Yet to be placed** | **Non-Convertible Debentures** | NA | NA | NA | 100 | [ICRA]A- (Stable) |
| **Yet to be placed** | **Commercial Paper** | NA | NA | 7-365 days | 100 | [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

Not applicable

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## ABOUT ICRA LIMITED

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.

For more information, visit www.icra.in

## ICRA Limited

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### Branches