

June 08, 2026

Keertana Finserv Limited: 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/Non-fund based bank facilities	500.00	500.00	[ICRA]BBB (Stable)/[ICRA]A3+; reaffirmed
Non-convertible debentures (NCDs)	36.00	36.00	[ICRA]BBB (Stable); reaffirmed
	1,034.00	-	[ICRA]BBB (Stable); reaffirmed and withdrawn
Total	1,570.00	536.00	

*Instrument details are provided in Annexure II

Rationale

The rating action factors in Keertana Finserv Private Limited's (Keertana) scale-up in the gold loan segment in FY2026, supported by the robust expansion of its branch network. The company's overall assets under management (AUM) grew by 71% to Rs. 4,023.9 crore as of March 2026 from Rs. 2,348.5 crore as of March 2025. The gold loan segment constituted 94% (Rs. 3,777.8 crore) of the AUM as of March 2026, increasing from 72% as of March 2025. The share of the other segments, viz., joint liability group (JLG) loans, micro, small and medium enterprise (MSME) loans, loan against property (LAP) and home loans (HLs), declined in FY2026 as the management intends to discontinue growth in these segments over the near-to-medium term. Going forward, Keertana is planning to expand its gold loan branches and expects to reach an AUM of Rs. 7,000 crore by March 2027.

The ratings continue to consider the promoter's long-standing experience in the retail lending business and Keertana's adequate capitalisation, supported by regular equity infusions from the promoter. It received capital of Rs. 195.4 crore in FY2026 (Rs. 652.1 crore cumulatively over the past four years) from its promoter and its managed gearing stood at 3.9 times as of March 2026 (3.3 times as of March 2025). In the near-to-medium term, the company would need to raise further capital in view of its growth plans.

However, ICRA notes that despite the significant scale-up over the past few years, Keertana's operations remain geographically concentrated with Andhra Pradesh and Telangana contributing 79% and 19%, respectively, to the AUM as of March 2026. Further, given the strong growth plans, coupled with the new regulatory landscape in the gold loan segment, it would be crucial for the company to maintain commensurate risk and control mechanisms, and a stable senior management team. ICRA takes comfort from the stable asset quality performance in the gold loan segment. The 90+ days past due (dpd) in this segment remained nil over the last three years. The company also incurred minimal auction losses in FY2026. However, the asset quality in the non-gold segments was under pressure on account of borrower overleveraging and other factors, which resulted in write-offs of Rs. 149.5 crore in FY2026. Delinquencies stayed elevated, with the 90+ dpd at 16.0% and 30+ dpd at 23.8%, though on a declining loan portfolio in the non-gold segments. The resultant elevated credit costs of 4.1% in FY2026 (2.6% in FY2025 and 1.0% in FY2024) led to a moderation in Keertana's net profitability {profit after tax (PAT)/average managed assets (AMA)} to 2.1% in FY2026 from 3.0% in FY2025 (5.9% in FY2024).

The Stable outlook factors in ICRA's expectation that Keertana would continue to maintain adequate capitalisation and increase the share of secured lending in its loan portfolio in the near term, which would support its overall risk profile.

ICRA has reaffirmed and withdrawn the long-term rating on Rs. 645.0-crore non-convertible debentures, in accordance with its policy on withdrawal of credit ratings, as the instruments have matured and have been fully repaid.

ICRA has also reaffirmed and withdrawn the long-term rating on Rs. 389 crore of proposed non-convertible debentures on the company's request and in accordance with its policy on withdrawal of credit ratings.

Key rating drivers and their description

Credit strengths

Promoter's significant experience in retail lending business – Keertana is a non-deposit taking non-banking financial company (NBFC), incorporated in 1996. It received its NBFC licence from the Reserve Bank of India (RBI) in 2001. The company did not have any operations till the current promoters acquired it on March 31, 2022. Ms. Padmaja Gangireddy is the founder and ex-Managing Director (MD) of Spandana Sphoorty Financial Limited (SSFL) with vast experience in handling microfinance, gold loans, agriculture-related loans, LAP and MSME loans. The promoter family is actively involved in the company's operations.

ICRA notes that Keertana's senior management personnel have adequate experience. However, given the exit of some of the key personnel over the last few years (Company Secretary, Compliance Officer and Chief Financial Officer), maintaining stability in senior management would be important. Further, gradually reducing the key person risk would be critical from a risk management perspective.

ICRA takes comfort from the continued strengthening of the operating infrastructure, including branch expansion/field staff and the information technology (IT) systems, which would support the company's growth plans. However, given its growth plans and in view of the new regulatory landscape in the gold loan segment, Keertana would need to continue augmenting its IT systems and as well as its risk and control mechanisms commensurately.

Capitalisation profile adequate for near term; timely infusions critical for medium-term growth – Keertana's capitalisation profile has been supported by regular capital infusions from the promoter in the past and is adequate for its current scale of operations. As of March 2026, its managed gearing stood at 3.9 times and capital adequacy ratio at 23.9%. It had received incremental capital of Rs. 195.4 crore in FY2026 (Rs. 643.98 crore cumulatively over the last four years). Keertana expects to raise sizeable capital from external investors in the near term. Given its steep growth plans, the same would be imperative to keep its managed gearing under control over the near-to-medium term.

Asset quality and earnings expected to improve in the near term – The company underwent significant stress in the non-gold loan segments over the last two years on account of borrower overleveraging and other factors, which had resulted in higher slippages. Consequently, it wrote off Rs. 38.7 crore and Rs. 149.5 crore in FY2025 and FY2026, respectively. Keertana is expected to discontinue growth in non-gold loan operations and maintain focus on the gold loan segment only.

ICRA takes comfort from the stable asset quality performance in the gold loan segment. The 90+ days past due (dpd) in this segment remained nil over the last three years. Keertana has not experienced any sizeable credit losses in this segment in the past, given the healthy recoveries from the auction of the gold held as collateral. Going forward, as the share of gold loans in the overall portfolio further increases, the overall asset quality performance is expected to improve. Nevertheless, ICRA notes that the average loan-to-value, as of March 2026, was elevated with about 78% and 35% of the AUM having LTVs of more than 75% and 85%, respectively. Managing the same in a declining gold price scenario would be crucial.

Keertana's net profitability moderated to 2.1% in FY2026 from 3.0% in FY2025 (5.9% in FY2024) on account of elevated credit costs (4.1% in FY2026 vis-à-vis 2.6% in FY2025 and 1.0% in FY2024). Going forward, the company's profitability metrics are expected to increase as credit costs moderate on the back of a likely improvement in the asset quality performance.

Credit challenges

Steep growth plans; geographically concentrated operations – Keertana commenced operations in April 2022 with the takeover of assets from Spandana Mutual Benefit Trust (SMBT) and Spandana Rural and Urban Development Organization (SRUDO). Its AUM increased by 71% to Rs. 4,023.9 crore as of March 2026 from Rs. 2,348.5 crore as of March 2025 (Rs. 1,561.5 crore as of March 2024). The company had 474 branches as of March 2026 vis-à-vis 402 branches as of March 2025. Gold loans contributed 94% to the AUM as of March 2026, while JLG loans and LAP & HL accounted for 2% and 4%, respectively.

The operations are geographically concentrated at present, with Andhra Pradesh and Telangana contributing 79% and 19%, respectively, to the AUM as of March 2026. The company plans to increase the share of portfolio in Telangana, Karnataka, Odisha and Tamil Nadu, going forward. Keertana is planning branch expansion at a robust pace to achieve a loan portfolio of Rs. 7,000 crore as of March 2027. The portfolio mix is expected to be inclined towards gold loans as the management intends to discontinue growth in non-gold loan segments, given the stress in the asset quality.

Moderate funding profile – Keertana secured funding from multiple sources including NBFCs, banks, market issuances (non-convertible debentures; NCDs) and securitisation. NCDs contributed 66% to the total borrowings as of March 2026, followed by NBFCs at 17%, banks at 12%, sub-debt at 3% and securitisation at 2%. The company also undertook Rs. 224.5 crore of assignment transactions in FY2026. The annual average cost of borrowings has remained elevated and stood at 12.7% in FY2026. Going forward, it would be crucial for Keertana to improve its borrowing profile by increasing the share of banks, which would support its growth plans and lower its cost of borrowing.

Liquidity position: Adequate

Keertana had cash and cash equivalents of Rs. 270.2 crore as on March 31, 2026. No cumulative mismatches were observed in the asset-liability maturity (ALM) profile, as on March 31, 2026, as gold loans extended by the company are short term in nature. It has debt repayments of Rs. 462.9 crore due during April-June 2026. However, it is noted that there are adequate asset maturities of Rs. 1,587.6 crore during this period, which supports its liquidity. Going forward, it would be crucial for Keertana to improve its borrowing profile as well as its debt tenors, which would support its growth plans, while maintaining an adequate liquidity profile.

Rating sensitivities

Positive factors – The scaling up of the portfolio and an improvement in the borrowing profile, while maintaining healthy earnings and asset quality, could lead to a rating upgrade.

Negative factors – Pressure on the ratings could arise on weakening asset quality or operating efficiency, which could affect the earnings profile. A stretched capitalisation profile could also adversely impact the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's Rating Methodology for Non-banking Finance Companies Policy on Withdrawal of Credit Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of Keertana

About the company

Keertana Finserv Private Limited (Keertana) is a non-deposit taking NBFC. It was incorporated in February 1996 as Rajshree Tracom Pvt Ltd and received its NBFC licence in 2001 from the RBI. The company was dormant with no business till the current promoter acquired it at the end of March 2022. Following RBI approval for a change in management and control, the current promoters purchased all the shares of the erstwhile promoters. Keertana acquired its gold loan business from SMBT (Rs. 191 crore) and the JLG business from SRUDO (Rs. 14 crore) as per a business transfer agreement dated April 04, 2022. The company is currently managed by Ms. Padmaja Reddy, the erstwhile Managing Director of Spandana Sphoorthy Financial Limited (SSFL).

Keertana's AUM stood at Rs. 4,023.9 crore, spread across 474 operating branches as of March 2026. Gold loans contributed 94% to the AUM, while JLG and MSME loans accounted for 2% and 4%, respectively, as of March 2026. Keertana reported a net profit of Rs. 77.0 crore on a managed asset base of Rs. 4,555.1 crore in FY2026 compared with a net profit of Rs. 65.9 crore on a managed asset base of Rs. 2,637.3 crore in FY2025.

Key financial indicators (audited)

Keertana Finserv Private Limited	FY2025	FY2026
Total income	484.7	724.1
PAT	65.9	77.0
Total managed assets	2,637.3	4,555.1
Return on managed assets	3.0%	2.1%
Managed gearing (times)	3.3	3.9
Gross stage 3	0.8%	1.0%
CRAR	25.1%	23.9%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; Managed gearing = (On-book debt + Off-book portfolio)/Net worth

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2027)				Chronology of rating history for the past 3 years					
Instrument	Type	Amount rated (Rs. crore)	Jun 08, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Long term/Short term – Fund-based/Non-fund based bank facilities	Long term/Short term	500	[ICRA]BBB (Stable)/[ICRA]A3+	Jun-09-25	[ICRA]BBB (Stable)/[ICRA]A3+	Jun-10-24	[ICRA]BBB-(Stable)/[ICRA]A3	Feb-12-24	[ICRA]BBB-(Stable)/[ICRA]A3
						May-09-24	[ICRA]BBB-(Stable)/[ICRA]A3	Aug-07-23	[ICRA]BBB-(Stable)/[ICRA]A3
								Jul-31-23	[ICRA]BBB-(Stable)/[ICRA]A3
NCD	Long term	36	[ICRA]BBB (Stable)	Jun-09-25	[ICRA]BBB (Stable)	Jun-10-24	[ICRA]BBB (Stable)	Feb-12-24	[ICRA]BBB (Stable)
						May-09-24	[ICRA]BBB (Stable)	Aug-07-23	[ICRA]BBB (Stable)
								Jul-31-23	[ICRA]BBB (Stable)
NCD	Long term	1,034	[ICRA]BBB (Stable); withdrawn	Jun-09-25	[ICRA]BBB (Stable); withdrawn	Jun-10-24	[ICRA]BBB (Stable)	Feb-12-24	[ICRA]BBB (Stable)
						May-09-24	[ICRA]BBB (Stable)	Aug-07-23	[ICRA]BBB (Stable)
								Jul-31-23	[ICRA]BBB (Stable)

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term – Fund-based/Non-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 II: Instrument details

ISIN	Instrument	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term/Short term – Bank facilities	Jan-31-23 to Mar-31-26	NA	Apr-1-2026 to May-31-2028	500.00	[ICRA]BBB (Stable)/ [ICRA]A3+
INE0NES07063	NCD	Oct-20-23	11.60%	Jun-20-25	50.00	[ICRA]BBB (Stable); withdrawn
INE0NES07071	NCD	Nov-28-23	11.60%	Nov-28-25	50.00	[ICRA]BBB (Stable); withdrawn
INE0NES07071	NCD	Dec-15-23	11.60%	Nov-28-25	110.00	[ICRA]BBB (Stable); withdrawn
INE0NES07089	NCD	Feb-20-24	11.50%	Feb-20-26	110.00	[ICRA]BBB (Stable); withdrawn
INE0NES07097	NCD	Apr-12-24	11.40%	Apr-12-26	50.00	[ICRA]BBB (Stable); withdrawn
INE0NES07097	NCD	Apr-18-24	11.40%	Apr-12-26	25.00	[ICRA]BBB (Stable); withdrawn
INE0NES07097	NCD	May-02-24	11.40%	Apr-12-26	75.00	[ICRA]BBB (Stable); withdrawn
INE0NES07105	NCD	May-10-24	11.40%	May-10-26	175.00	[ICRA]BBB (Stable); withdrawn
Unallocated	NCD	NA	NA	NA	389.00	[ICRA]BBB (Stable); withdrawn
INE0NES07113	NCD	Jun-13-24	11.40%	Jun-13-27	36.00	[ICRA]BBB (Stable)

Source: Company

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

Annexure III: List of entities considered for consolidated analysis

Not applicable

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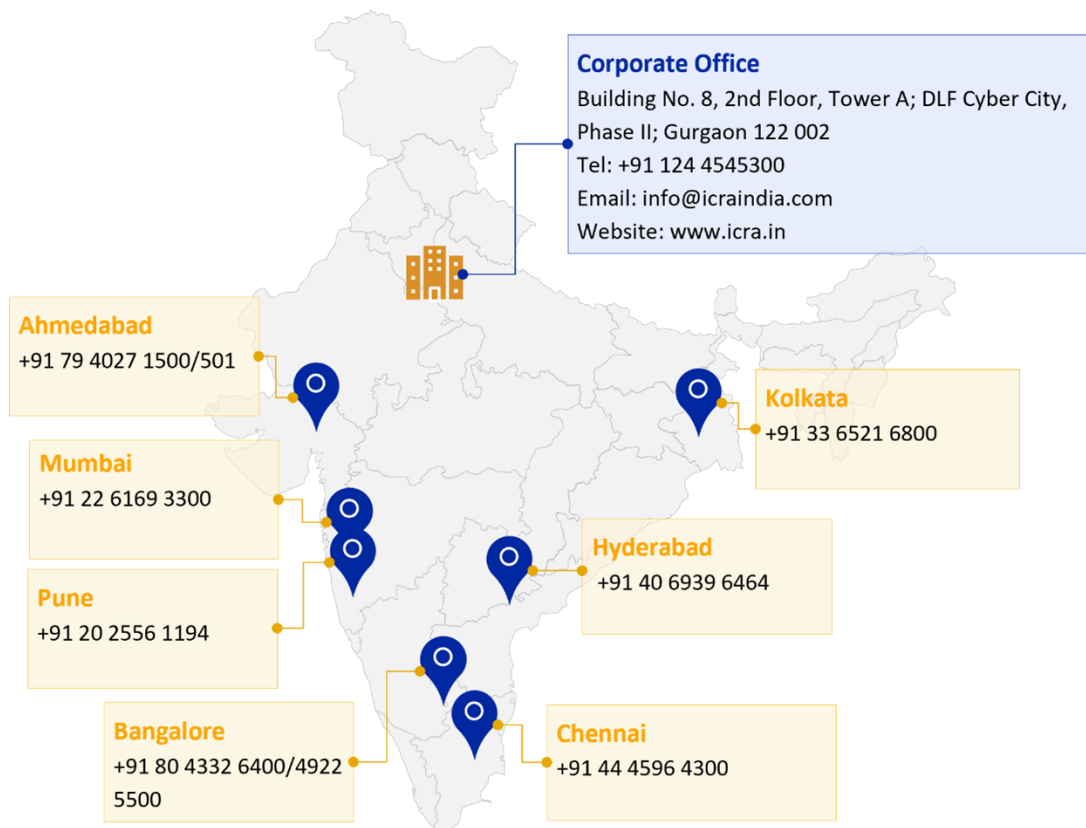


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