

July 09, 2026

Arvesta Financial Services Private Limited: Rating reaffirmed and rated amount enhanced for commercial paper

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper	200.00	750.00	[ICRA]A1+; reaffirmed and assigned for enhanced amount
Total	200.00	750.00	

*Instrument details are provided in Annexure II

Rationale

The assigned rating factors in Arvesta Financial Services Private Limited's (Arvesta) comfortable capitalisation profile, with sizeable net worth, its parentage in the form of Neo Group [flagship entity is Neo Investment Value Advisors Private Limited (NIVA)], and the synergies with the Group's wealth & asset management franchise. Neo Group is a well-capitalised and fast-growing integrated wealth and asset management platform with total client assets of about Rs. 1 lakh crore as on March 31, 2026. It was amongst the leading non-bank wealth managers in terms of net new money flows in FY2026. Arvesta is a subsidiary of NIVA and is the non-banking financial company (NBFC) arm of the Group.

Arvesta started offering loans against securities to the Group's wealth clientele in recent months. The company intends to extend loans backed by listed and unlisted securities (including in-house manufactured alternative investment fund (AIF) products), primarily through term loan structures. Lending against listed securities is expected to account for a sizeable share of the overall loan book, with lending rates typically envisaged in the range of 12-15%. While operational synergies with Neo Group, particularly in customer sourcing, and expectations of low credit costs are likely to support the company in maintaining a healthy cost structure, its ability to raise funds at competitive rates will remain critical for scaling up the operations profitably. Arvesta's capitalisation profile is characterised by a net worth of Rs. 1,208 crore and negligible gearing as on March 31, 2026. Although the financial leverage is expected to inch up as it scales up its operations, the management intends to operate with a gearing of less than 3 times. Given that Arvesta will largely cater to the Group's clientele, ICRA believes that it remains strategic to the Group. This strengthens ICRA's belief that the company will receive timely and adequate support (operational and financial) from the parent, as and when required.

While assigning the rating, ICRA has noted that the company's loan book will be exposed to credit, market and technology risks. Given the volatility in the securities market, the value of the collateral can fluctuate, necessitating robust technological systems for risk management. Considering Arvesta's nascent stage of operations, its product portfolio, credit policies, product programmes and risk management systems are yet to be tested. In this regard, ICRA takes comfort from the presence of seasoned professionals with a long track record of managing capital market linked and allied businesses along with their associated risks. Moreover, timely and adequate support from the Group is envisaged to be forthcoming.

Key rating drivers and their description

Credit strengths

Part of Neo Group, a fast-growing wealth and asset management platform with improving market position and a large capital base – Arvesta, a non-deposit taking retail NBFC, is a part of Neo Group, which was founded in 2021. The Group is a diversified domestic wealth management platform, offering integrated solutions across asset management and wealth management, primarily catering to ultra-high-net-worth individuals (UHNIs), high-net-worth individuals (HNIs) and family offices. Arvesta

primarily caters to the financing requirements of the Group's wealth clientele through loan against securities and also undertakes down selling of securities.

Since the commencement of operations, the Group's wealth and asset management businesses have grown at a fast pace, reflecting improving franchise acceptance and execution momentum amid industry tail winds. It has strengthened its operating capabilities through the onboarding of an experienced senior management team with established track records of over two decades in building and scaling up agency-based businesses of wealth and asset management in domestic capital markets. This enhances the Group's ability to expand distribution, deepen client relationships, and manage growth effectively in an increasingly competitive operating environment. Additionally, expansion has been supported by strong and timely capital infusions from established investors with experience in financial services. Since inception, the Group has successfully completed multiple rounds of capital raising from marquee investors, with the most recent capital raise was completed in April 2026 at an valuation of around Rs. 10,000 crore. As on April 30, 2026, its consolidated net worth was estimated at Rs. 2,400 crore on a provisional basis, providing adequate financial flexibility to support near- to medium-term growth and absorb execution risks associated with scaling up. Barring the lending business housed under Arvesta, the Group's asset and wealth management businesses inherently need low capital, with capital requirements largely limited to working capital for the distribution of unlisted securities and sponsor commitments towards own manufactured products.

ICRA notes that competition in the wealth management segment is intensifying, with incumbent players having already established sizeable franchises. Nevertheless, favourable long-term industry fundamentals – driven by the increasing financialisation of household savings and supportive demographics – continue to offer growth opportunities to players with differentiated client relationships, expanding reach and credible execution capability. In this context, ICRA notes that the Group has already demonstrated meaningful scaleup, with total client assets of about Rs. 1 lakh crore as on March 31, 2026, and is amongst the leading non-bank wealth managers in terms of net new money flows in FY2026, underscoring tangible traction in its business model. Going forward, the Group's ability to demonstrate healthy scaleup across market cycles is to be seen.

Moreover, its ability to retain relationship managers (RMs) and wealth partners over the longer term will be critical for business continuity and growth. As a fund manager, it has sizeable assets under management (AUM) across funds in its asset management business, leading to risks associated with the underperformance of the underlying investments. Sustained underperformance or instances of mis-selling and misrepresentation to clients by RMs may also have a reputational impact, which may adversely affect the Group's overall business including Arvesta's ability to scale up the lending business. Besides, the performance of the wealth and asset management businesses remains susceptible to regulatory changes. Going forward, the Group's ability to respond to evolving regulatory landscapes will remain important.

Despite the aforementioned operational scaleup, the Group's profitability remains subdued due to an elevated cost structure on account of its expansion initiatives. Nonetheless, with the expected ramp-up in recurring revenues and the benefits of operating leverage across businesses, the profitability is expected to be improve over the medium term.

Comfortable capitalisation profile with sizeable net worth – Supported by the sizeable capital raise of Rs. 1,175 crore during November 2024 to March 2026, Arvesta's net worth increased to Rs. 1,208 crore as on March 31, 2026. As on date, its net worth is largely deployed in fixed deposits (FDs), going forward Arvesta scales up its core operations, these FDs will be liquidated and would be used towards scaling its lending activities and down sell businesses. While the company's leverage remains negligible at present, it is expected to rise as it scales up its operations. Nevertheless, the gearing is expected to be prudently maintained below 3 times.

ICRA notes that NIVA holds a 53% stake in Arvesta, followed by two domestic institutional investors holding ~31% stake, while the rest is largely held by HNIs/UHNIs. Notwithstanding the presence of key minority investors, the loan against shares offering remains a core product for the Group's wealth management platform as it provides flexibility to wealth clients to monetise/generate liquidity from their portfolios without asset liquidation, thereby deepening engagement. Further, such

financing arrangements provide relatively stable revenue streams to the Group. Hence, Arvesta remains strategically important for the Group, with the same also evidenced by the presence of the founder and co-founder on its board.

Arvesta envisages to offer loans against securities backed by listed and unlisted securities (including in-house manufactured AIF products) through term loan structures. Lending against listed securities is expected to account for a sizeable share of the overall loan book, with the lending rates typically envisaged in the range of 12-15%. ICRA notes that the management intends to limit AIF-backed exposures to within 1.0 times of the net worth.

Credit challenges

Nascent stage of operations with evolving operating framework; profitability from core operations yet to be established – Arvesta obtained the requisite regulatory approvals and the licence to operate as a non-deposit taking NBFC (NBFC-ND) in January 2026, with lending operations commencing in subsequent months. Given the nascent stage of operations, the company’s product portfolio, credit policies, product programmes and risk management systems are expected to gradually mature over time. Nonetheless, ICRA takes comfort from the presence of seasoned professionals with long track records of managing capital market linked and allied businesses along with their associated risks. While operational synergies with Neo Group, particularly in customer sourcing, and expectations of low credit costs are likely to support the company in maintaining a healthy cost structure, its ability to raise meaningful borrowings at competitive rates will remain critical for scaling up the operations profitably.

High dependence on technology; exposure to market, credit and regulatory risks – Arvesta’s loan book will be exposed to credit, market and technology risks. Given the volatility in the securities market, the value of the collateral can fluctuate rapidly, necessitating robust technological systems for real-time tracking and risk management. In this regard, uninterrupted technological operations are essential for the real-time monitoring of collateral values, ensuring that the company can promptly square off positions to avoid potential losses. The rating also remains susceptible to regulatory changes. Going forward, Arvesta’s ability to respond to evolving regulatory landscapes will remain imperative.

Liquidity position: Strong

Arvesta’s liquidity position remains strong with an unencumbered cash and bank balance of Rs. 52 crore, unencumbered liquid investments of Rs. 510 crore and drawable but unutilised bank lines of Rs. 57 crore as on April 30, 2026 against debt repayment of Rs. 45 crore (including recurring facilities of ~Rs. 43 crore) till December 2026. Further, its liquidity profile remains supported by financial flexibility from Neo Group, which operates predominantly in low capital-intensive businesses.

Rating sensitivities

Positive factors – Not applicable

Negative factors – A material change in the linkage with Neo Group and/or a deterioration in its credit profile with a significant increase in the consolidated leverage (more than 2 times) and/or share of unlisted investments/exposures becoming sizeable in relation to the Group’s net worth would have a negative impact. Besides, weakening of the capitalisation profile of the NBFC due to aggressive growth or deterioration in its asset quality would be a credit negative.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA’s Credit Rating Methodology for Non-banking Finance Companies (NBFCs) Stockbroking & Allied Services
Parent/Group support	Arvesta is a part of Neo Group (parent entity: NIVA). The common promoters and the strategic importance to the Group strengthen ICRA's belief that Arvesta will receive adequate and timely support (financial as well as operational) from its promoter group, as and when required.
Consolidation/Standalone	Standalone

About the company

Arvesta Financial Services Private Limited (Arvesta) is a Reserve Bank of India (RBI) registered, non-deposit taking NBFC and is a part of Neo Group [flagship entity: Neo Investment Value Advisors Private Limited (NIVA)]. NIVA holds a 53% stake in Arvesta, followed by two domestic institutional investors holding ~31% stake, while the rest is largely held by HNIs/UHNIs. The company actively commenced lending operations in recent months after receiving NBFC license in January 2026. It intends to extend loans backed by listed and unlisted securities (including in-house manufactured AIF products), primarily through term loan structures. Lending against listed securities is expected to account for a sizeable share of the overall loan book, with lending rates typically envisaged in the range of 12-15%. As on March 31, 2026, Arvesta's capitalisation profile remained comfortable with sizeable net worth of Rs. 1,208 crore.

About the parent

Neo Group is an integrated wealth and asset management platform, offering comprehensive financial solutions to UHNIs and family offices. It provides end-to-end wealth management services, including investment advisory across equities, fixed income, private markets and global assets, as well as family office and multi-family office solutions including portfolio management services and risk advisory. Since the commencement of operations, the Group's wealth and asset management businesses have scaled up at a fast pace, reflecting improving franchise acceptance and execution momentum amid industry tailwinds. As on March 31, 2026, its total client assets stood at about Rs. 1 lakh crore (including held-away assets of Rs. 38,000+ crore), spread across more than 11,000 clients. The Group was amongst the leading non-bank wealth managers in terms of net new money flows in FY2026, underscoring early but tangible traction in its business model. As on December 31, 2025, the Group's capitalisation profile was characterised by a net worth of Rs. 1,864 crore and gearing of 0.8 times. Subsequently, the Group further augmented its capital base with a capital raise of Rs. 525 crore (Rs. 125 crore in Q4 FY2026 and Rs. 400 crore in April 2026).

Key financial indicators (audited)

Arvesta Financial Services Private Limited	FY2025	FY2026
Total income	29	91
PAT	6	18
Total assets	1,067	1,252
Return on assets	1.1%	1.6%
Reported gearing (times)	0.0	0.0
Gross stage 3	-	-
CRAR	NA	75.5%

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 rating (FY2027)			Chronology of rating history for the past 3 years							
	FY2027		Jul 09, 2026	FY2027		FY2026		FY2025		FY2024	
	Type	Amount rated (Rs crore)		Date	Rating	Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short term	750.00	[ICRA]A1+	May 18, 2026	[ICRA]A1+	-	-	-	-	-	-

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
Commercial paper	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 name	Date of issuance	Coupon rate (%)	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE2M2114012	Commercial paper	02-Jul-2026	9.20	01-Oct-2026	66.45	[ICRA]A1+
INE2M2114020	Commercial paper	06-Jul-2026	9.50	02-Jul-2027	130.00	[ICRA]A1+
NA	Commercial paper*	NA	NA	7-365 days	553.55	[ICRA]A1+

Source: Company; * Yet to be issued

Annexure III: List of entities considered for consolidated analysis

Not applicable

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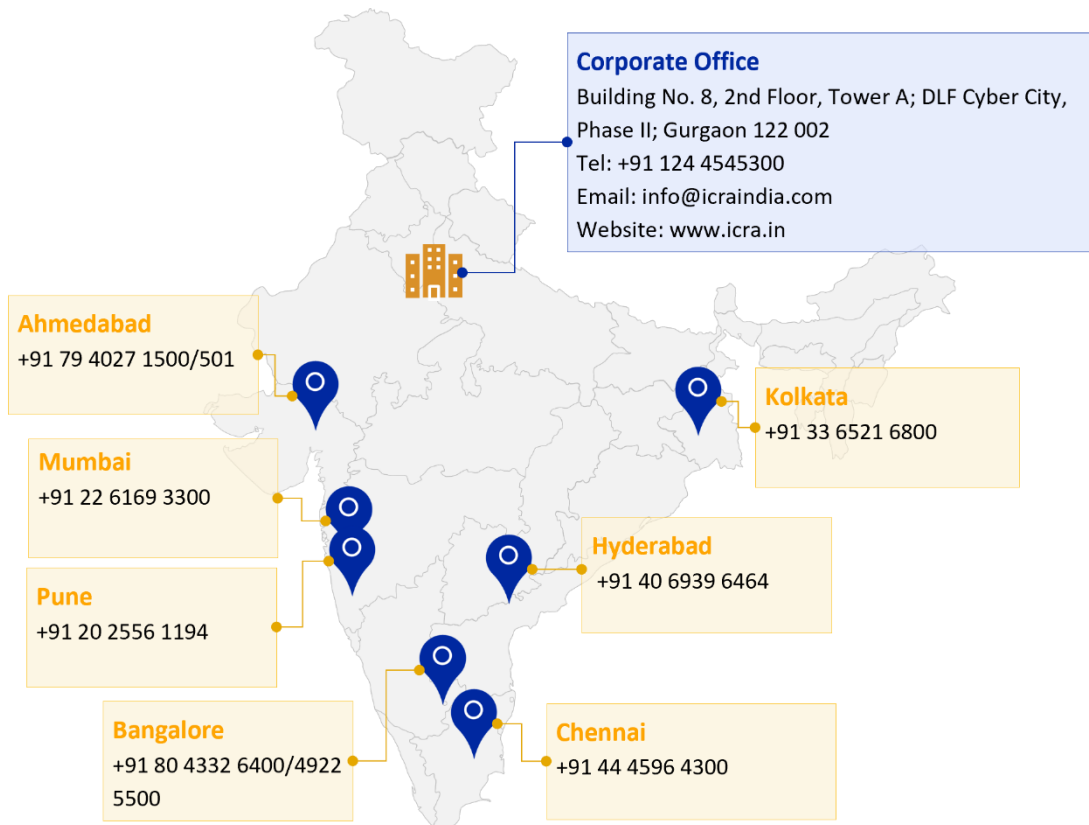
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