July 24, 2026

Sarvagram Fincare Private Limited: Ratings upgraded for PTCs/SNs issued under secured and unsecured loan securitisation transactions

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Amount O/s after last rating exercise (Rs. crore)	Amount O/s after Jun-26 payout (Rs. crore)	Rating action	Financial Sector Regulator#
Magnolia 2024	Series A1 PTC	34.02	14.45	6.26	[ICRA]A+(SO); upgraded from [ICRA]A(SO)	RBI
RACHAEL TRUST 02 2024	Series A1 SN	55.30	31.62	14.70	[ICRA]A+(SO); upgraded from [ICRA]A(SO)	RBI

**Instrument details are provided in Annexure I*

#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.

Rationale

The pass-through certificates (PTCs)/securitisation notes (SNs) are backed by pools of secured and unsecured business loan receivables originated by Sarvagram Fincare Private Limited {Sarvagram/Originator; rated [ICRA]BBB+ (Stable)}[1]. Sarvagram is also the servicer for the transactions.

The rating action factors in the build-up of the credit enhancement cover over the future PTC/SN payouts on account of high amortisation and healthy pool performance. The rating also draws comfort from the fact that the breakeven collection efficiency is lower than the actual collection level observed in the pools till the June 2026 payout month.

Pool performance summary

Parameter	Magnolia 2024	RACHAEL TRUST 02 2024
Payout month	June 2026	June 2026
Months post securitisation	29	28
Pool amortisation	67.5%	65.9%
Series A1 PTC/SN amortisation	81.6%	73.4%
Cumulative collection efficiency[2]	94.2%	90.9%
Cumulative prepayment rate[3]	24.1%	27.3%
Loss-cum-0+ dpd (% of initial pool) [4]	8.9%	10.9%
Loss-cum-30+ dpd (% of initial pool)[5]	7.6%	9.6%
Loss-cum-90+ dpd (% of initial pool)[6]	5.4%	7.5%
Breakeven collection efficiency[7] **Series A1 PTC/SN**	28.5%	46.9%
Cumulative cash collateral (CC) utilisation	0.0%	0.0%
CC available (as % of balance pool)	30.2%	27.7%

[1] *The current rating rationale of the originator, available at this link, provides its detailed rating history and rating transitions.*
[2] *Cumulative collections/(Cumulative billings + Opening overdue at the time of securitisation)*
[3] *Principal outstanding at the time of prepayment of contracts prepaid till date/Initial pool principal*
[4] *Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 0 days, as a % of Initial pool principal*
[5] *Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 30 days, as a % of Initial pool principal*
[6] *Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 90 days, as a % of Initial pool principal*
[7] *(Balance cash flows payable to investor – CC available)/Balance pool cash flows*

Parameter	Magnolia 2024	RACHAEL TRUST 02 2024
Excess interest spread (EIS; as % of balance pool)[8]		
Series A1 PTC/SN	60.3%	24.7%
Principal subordination (% of balance pool)		
Series A1 PTC/SN	96.0%	39.4%

Transaction structure

As per the transaction structure for Magnolia 2024, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. A part of the residual cash flow from the pool (50%), after meeting the promised and expected payouts, will be used for the prepayment of the Series A1 PTC principal while the balance (50%) would be used for the payment to the Originator. Any prepayment in the pool would be used for the prepayment of the Series A1 PTC principal.

As per the transaction structure for RACHAEL TRUST 02 2024, the monthly cash flow schedule comprises the promised interest payout and principal payout (92.00% of the pool principal billed) to Series A1 SN. The balance principal (8.00% of the pool principal billed), is expected to be paid on a monthly basis until the maturity of Series A1 SN. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. However, on the occurrence of predefined acceleration events, the residual EIS every month shall be utilised for accelerating the principal payment due to Series A1 SN. Any prepayment in the pool would be used for the prepayment of the Series A1 SN principal.

Key rating drivers and their description

Credit strengths

Healthy pool performance – Performance of the pools have been healthy with cumulative collection efficiency above 90% till June 2026 payout month. The break-even collection efficiency is significantly lower than the actual collections seen in the pool. Further, there have been no instances of cash collateral utilisation for the pool till date owing to healthy collection performance and the presence of EIS in the transaction.

Considerable build-up of credit enhancement – The rating factors in the build-up in the credit enhancement with cash collateral increasing to around 19.9% and 15.4% of the balance pool respectively compared to 5.0% for Magnolia 2024 and 7.0% for Rachael Trust 02 2024 at the time of securitisation for both the transactions. Internal credit support is also available through scheduled EIS and subordination.

Majority of the contracts are backed by secured properties – A major part of the pool for Magnolia 2024 i.e. ~99.5% and for Rachael trust 02 2024 i.e 100% of its contracts in terms of the principal amount outstanding on the cut-off date is backed by secured properties. This is expected to support the quality of the pool as it has been observed that borrowers tend to prioritise repayments towards such loans even during financial stress.

Credit challenges

Rising delinquencies in harder buckets – The pools have seen a high roll forward which has resulted in high delinquencies in the pools with 90+ days past due (dpd) for Magnolia 2024 and Rachael Trust 02 2024 at 5.4% and 7.5% respectively. Limited recoveries are expected from harder buckets given the unsecured nature of the pool.

Limited track record of servicing ability – Sarvagram started its operations in FY2019 and hence, the company is in a nascent stage of operations and is yet to establish a long vintage of servicing loans.

[8] *(Pool cash flows till PTC maturity month – Cash flows to PTC A1 – Originator's residual share)/Pool principal outstanding*

Risks associated with lending business – The pool's performance would remain exposed to macro-economic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans. The performance of microfinance loans would also be exposed to political and communal risks.

Key rating assumptions

ICRA's cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayments in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator's loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting collections from the pool, after incorporating the impact of the losses and prepayments, are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction.

For the current pool, ICRA has estimated the shortfall in the principal collection during the tenure at 5.50% for Magnolia 2024 and 4.50% for RACHAEL TRUST 02 2024 with certain variability around it. The average prepayment rate for the underlying pools is modelled in the range of 12% to 18% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the credit enhancement to arrive at the final rating for the instruments.

Details of key counterparties

The key counterparties in the rated transactions are as follows:

Transaction name	Magnolia 2024	RACHAEL TRUST 02 2024
Originator	Sarvagram Fincare Private Limited	Sarvagram Fincare Private Limited
Servicer	Sarvagram Fincare Private Limited	Sarvagram Fincare Private Limited
Trustee	Vardhman Trusteeship Private Limited	Catalyst Trusteeship Limited
CC holding bank	ICICI Bank	ICICI Bank
Collection and payout account bank	ICICI Bank	ICICI Bank

Liquidity position:

Superior for Magnolia 2024

The liquidity for Series A1 PTC is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be more than ~6 times the estimated loss in the pool.

Strong for RACHAEL TRUST 02 2024

The liquidity for Series A1 SN is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be more than ~5.5 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and an increase in the cover available for future investor payouts from the credit enhancement would result in a ratings upgrade.

Negative factors – The sustained weak collection performance of the underlying pool (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a ratings downgrade. Weakening in the credit profile of the servicer (Sarvagram) could also exert pressure on the ratings.

Analytical approach

The rating action is based on the performance of the pools till the June 2026 payout month, the present delinquency levels and the credit enhancement available in the pools, and the performance expected over the balance tenure of the pools.

Analytical approach	Comments
Applicable rating methodologies	Securitisation Transactions
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the originator

Sarvagram Fincare is a non-deposit taking NBFC that focuses on providing suitable credit products to households with multiple sources of income in Rural India. the corporate office is located in Mumbai. Sarvagram Solutions Private Limited (SSPL), the parent company, provides technology solutions and provides digital platform and market linkages for rural India. Till FY2021, Sarvagram was an associate of SSPL (SSPL held only around 38.8% stake in Sarvagram). In FY2022, SSPL increased the stake to 62%, and Sarvagram became the subsidiary of SSPL.

The company caters to "households" and not individual customers, with a focus on middle-income rural profiles. Sarvagram is focused on developing a deep-rooted distribution network and their target market is around 80 million middle income households out of the 200 million rural households in India. Currently, only around 7-8% households which Sarvagram caters, don't have a credit history. The company also has adequate systems and processes to assess the income of borrowers.

The insurance business, farm mechanization etc. are at the holding company level and any new non-lending business opened would also be held at the holding company level. The company aspires to reach million plus households across 500 different catchments, over next 4 years or so.

Key financial indicators

SSPL (consolidated)	FY2024	FY2025	FY2026
Accounting as per	IndAS	IndAS	IndAS
	Audited	Audited	Provisional
Total income	181	309	375
Profit after tax	-20	-61	-27
Total managed assets	1,344	2,219	2,244
Return on managed assets	-1.5%	-2.7%	-1.2%
Managed gearing (times)	2.6	1.4	1.5

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

Sarvagram (Standalone)	FY2024	FY2025	FY2026
Accounting as per	IGAAP	IGAAP	IndAS
	Audited	Audited	Audited
Total income	158	274	351
Profit after tax	7.6	4.9	2.3
Total managed assets	1,059	1,960	2,122
Return on managed assets	0.7%	0.3%	0.1%
Managed gearing (times)	3.0	1.4	1.7
Gross NPA/GS3#	2.0%	5.0%	4.9%
CRAR	21.9%	56.0%	39.56%

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

S. no.	Trust name	Instrument	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Current rating (FY2027) Date & rating in FY2027	Chronology of rating history for the past 3 years Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
					Jul 24, 2026	Jul 28, 2025	Jul 25, 2024	Feb 08, 2024	-
1	**Magnolia 2024**	Series A1 PTC	34.02	6.26	[ICRA]A+(SO)	[ICRA]A(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-

S. no.	Trust name	Instrument	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Current rating (FY2027) Date & rating in FY2027	Chronology of rating history for the past 3 years Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
					Jul 24, 2026	Jul 28, 2025	Jul 25, 2024	Mar 05, 2024	-
2	**RACHAEL TRUST 02 2024**	Series A1 SN	55.30	14.70	[ICRA]A+(SO)	[ICRA]A(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-

Complexity level of the rated instruments

Trust name	Instrument	Complexity indicator
Magnolia 2024	**Series A1 PTC**	Highly Complex
RACHAEL TRUST 02 2024	**Series A1 SN**	Highly Complex

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

Trust name	Instrument type	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Current rated Amount (Rs. crore)	Current rating	Financial Sector Regulator#
Magnolia 2024	Series A1 PTC	February 01, 2024	11.10%	January 20, 2033	6.26	[ICRA]A+(SO)	RBI
RACHAEL TRUST 02 2024	Series A1 SN	February 29, 2024	11.40%	August 15, 2030	14.70	[ICRA]A+(SO)	RBI

Source: Company

#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.

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Manushree Saggar
+91 124 4545 316
manushrees@icraindia.com

Sachin Joglekar
+91 22 6114 3470
sachin.joglekar@icraindia.com

Sumit Pramanik
+91 22 6114 3462
sumit.pramanik@icraindia.com

Shruti Jain
+91 124 4545 3414
shruti.jain2@icraindia.com

Tina Parekh
91 22 6114 3455
tina.parekh@icraindia.com

RELATIONSHIP CONTACT

Mr. 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

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

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches