

October 06, 2026

Progfin Private Limited: [ICRA]BBB+ (Stable) assigned to non-convertible debentures; earlier ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator [#]
Non-convertible debentures	0.00	250.00	[ICRA]BBB+ (Stable); assigned	SEBI
Non-convertible debentures	925.00	925.00	[ICRA]BBB+ (Stable); reaffirmed	SEBI
Long-term/Short-term fund-based bank facilities	350.00	350.00	[ICRA]BBB+ (Stable)/[ICRA]A2; reaffirmed	RBI
Commercial paper	130.00	130.00	[ICRA]A2; reaffirmed	RBI
Total	1,405.00	1,655.00		

*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

To arrive at the ratings, ICRA has taken a consolidated view of the credit profiles of Progfin Private Limited (Progfin) and its holding company, Desiderata Impact Ventures Pvt. Ltd (DIV), given their business linkages and common management. Progfin and DIV, collectively referred to as the Progcap Group, offer supply chain finance and working capital term loans to micro, small and medium enterprises (MSMEs) under the Progcap brand. Progfin is fully held by DIV, which is backed by investors like Peak XV (Sequoia), Tiger Global, GrowX, Creation Investments and Google.

The ratings continue to consider the Group's healthy capitalisation profile with a net worth of Rs. 762 crore and a managed gearing¹ of 2.1 times as on June 30, 2026. ICRA notes that the Group has raised sizeable capital of ~Rs. 800 crore since inception, which has helped it register healthy growth in its scale of operations. Nonetheless, it would need to raise capital in the near-to-medium term to expand as per business plans, given its robust growth target and modest internal capital generation.

The ratings also factor in the Group's portfolio vulnerability due to the sizeable exposure to small businesses, with ~54% of the portfolio comprising accounts with a ticket size of less than Rs. 50 lakh as on June 30, 2026. The Group commenced lending operations through Progfin in October 2022 and had assets under management (AUM) of Rs. 2,201 crore as on June 30, 2026. It was previously operating as a loan service provider (LSP) to various private sector banks, small finance banks (SFBs) and non-banking financial companies (NBFCs) through DIV. While ICRA takes note of the diverse set of lenders for the current scale of operations, the Group would need to continue augmenting its lender relationships to keep growing as per business plans.

Since the NBFC lending operations commenced in 2022, the Group has been scaling up its business volumes significantly over the past three years and its AUM has witnessed a compound annual growth rate (CAGR) of 93% over FY2023-FY2026. Optimising operating efficiencies while increasing the scale of operations will remain critical for enhancing the earnings profile.

The 90+ days past due (dpd; on-book basis) stood at 2.3% as on June 30, 2026. Nonetheless, the asset quality is expected to remain volatile, given the underlying borrower profile and the unsecured nature of these loans. Going forward, the company's ability to profitably scale up the business while keeping the asset quality under control would be a key monitorable.

¹ Managed gearing = (Borrowings + Off-balance sheet advances)/Net worth

The Stable outlook reflects ICRA's expectation that the Group would maintain adequate capital buffers in view of the unsecured loan book and evolving earnings profile.

Key rating drivers and their description

Credit strengths

Healthy capitalisation profile, though capital requirement remains high – The Group has maintained a healthy capitalisation profile in relation to its current scale of operations with a net worth of Rs. 762 crore and managed gearing of 2.1 times as on June 30, 2026. This was supported by the capital raise of ~Rs. 800 crore since inception from investors, notably including Peak XV (Sequoia Investment), Tiger Global (through Internet Fund VII Pte. Ltd), GrowX Venture Fund, Creation Investments Social Ventures Fund V and Google. ICRA also notes the track record of regular capital infusions by the holding company of Progin. Nonetheless, the Group would need to raise capital over the near-to-medium term to expand as per business plans while keeping the managed gearing below 4.0 times on a steady-state basis.

Healthy growth prospects and adequate liability profile for current scale of operations – The Group targets MSME retailers in tier 2 cities and small towns by leveraging the Progin network, with more than 11,000 active borrowers through anchored supply chain financing and working capital term loans across multiple industries, including two-wheelers, agri inputs, white goods, fast-moving consumer goods (FMCGs) and emerging brands. The target segment comprises small businesses (~85% of the portfolio consisted of accounts with a ticket size of less than Rs. 2 crore as on June 30, 2026), wherein the end use is controlled through disbursements to distributor/anchor accounts, with a tenure of less than 90 days for a major part of the portfolio. Prepayment rates are usually high (average monthly prepayments of 72% of opening monthly principal in Q1 FY2027 vis-à-vis 67% in FY2026), especially in the supply chain financing business, which leads to faster churn within the portfolio. Anchor concentration has declined with the top 10 anchors accounting for 33% of total AUM as on June 30, 2026 compared to 51% as on March 31, 2026. The segment, which has typically been underserved, offers good growth prospects for scaling up the business over the medium-to-long term.

The Group has been expanding the lender base and has developed relationships with several banks (including four SFBs), NBFCs and other lending institutions. While it continues to borrow via term loans and working capital demand loans, it has diversified its borrowing mix and has witnessed an increase in the share of market instruments like non-convertible debentures (NCDs) and pass-through certificates (PTCs). ICRA takes note of the diverse set of lenders for the Group's current scale of operations. However, given its target growth plans, it would have to continue augmenting relationships with lenders while optimising its cost of funds.

Credit challenges

Limited track record of lending operations – Progin was founded by Ms. Pallavi Shrivastava and Mr. Himanshu Chandra under DIV as a digital lending platform for engagement between retailers/distributors and financiers. Commencing operations in 2017, it was initially an LSP to banks, SFBs and NBFCs through DIV (holding company and technology platform entity) by leveraging its anchor partner network (more than 130 partners). Following the implementation of digital lending guidelines in 2022, the Group started lending operations in October 2022 and its AUM stood at Rs. 2,201 crore as on June 30, 2026 (Rs. 2,488 crore as on March 31, 2026), comprising invoice-based financing and unsecured working capital term loans. ICRA takes note of the increase in the share of working capital term loans to 38% of AUM as on June 30, 2026 (35% on March 31, 2026) from 18% as on March 31, 2024, and expects the same to remain range-bound at 35-40% on a steady-state basis. The asset quality saw an uptick with the 90+ dpd (on-book basis) increasing to 2.3% as on June 30, 2026 (1.5% as on March 31, 2026) from 1.9% as on June 30, 2025 (1.1% as on March 31, 2025) on account of the cyclical nature of the business.

As the supply chain segment targeted by the company has borrowers with average credit profiles, comprising numerous distributors and retailers, the portfolio remains susceptible to macroeconomic shocks. Inherent vulnerability is associated with the portfolio due to the unsecured nature of the loans. This is partially mitigated by its nature of being backed by receivables

(invoice-based financing accounted for 62% of the overall AUM as on June 30, 2026) as well as in-built risk mitigants like margin retention, risk sharing agreements, stop supply, stock liquidation and first loss default guarantees, etc. In this regard, the company's continued ability to manage losses through these key credit mitigants will be monitorable.

Evolving profitability metrics² – The Group has been scaling up its business volumes significantly over the past three years. This has led to high operational expenses, primarily on account of significant employee-related expenses (including share-based employee stock ownership plan (ESOP) expenses), and it continued reporting losses till FY2025. Notwithstanding the compression in net interest margins (NIMs; due to higher gearing) and decline in non-interest income, the Group's profitability improved in FY2026 supported by the elevated, albeit declining, operating cost ratio (because of lower impact of ESOP expenses and higher operating efficiency) and stable credit costs. Consequently, it reported a net profit on a consolidated basis for the first time in FY2026 with a return on managed assets (RoMA) of 0.5%.

The profitability remained broadly stable in Q1 FY2027, with RoMA of 0.6%, supported by the expansion in NIMs (decline in weighted average funding costs), a range-bound operating cost ratio and a stable credit cost ratio. Given the nascent stage of operations (lending operations started in October 2022), significant investment has been made in building the systems and processes and setting up teams, leading to high operating expenses. A sustained improvement in the operating efficiency and keeping credit costs under control would be key from an earnings perspective.

Liquidity position: Adequate

Proffin's liquidity position is adequate with positive cumulative mismatches across all buckets up to one year. As per the asset-liability maturity (ALM) profile as on June 30, 2026, the company has debt obligations (including interest) of Rs. 1,430 crore for the 12-month period ending June 30, 2027 against which its scheduled inflows from advances are Rs. 2,024 crore. The liquidity is further supported by unencumbered cash and investments of Rs. 112 crore (7.1% of its on-balance sheet borrowings) and undrawn bank lines of Rs. 55 crore as on June 30, 2026.

Rating sensitivities

Positive factors – A significant improvement in the earnings profile, while increasing the scale of operations and maintaining a healthy asset quality profile on a sustained basis, would be a credit positive.

Negative factors – Weakening in the asset quality profile, inability to improve the earnings performance or a sustained increase in the managed gearing above 4.0 times could exert pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's Credit Rating Methodology for Non-banking Finance Companies (NBFCs)
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidated (details in Annexure II)

About the company

Progcap was founded by Ms. Pallavi Shrivastava and Mr. Himanshu Chandra under Desiderata Impact Ventures Pvt. Ltd (DIV) in FY2017 as a digital lending platform for engagement between retailers/distributors and financiers. In September 2022, DIV acquired Hytone Holdings Pvt Ltd, renaming it Proffin Private Limited, and commenced lending operations in October 2022, sourcing borrowers through the Progcap platform. Proffin is a wholly-owned subsidiary of DIV. It provides anchor-led supply

² Provisional financials for H1 FY2026

chain financing and working capital term loans across multiple industries, including two-wheelers, agri inputs, white goods, FMCGs and emerging brands. The AUM stood at Rs. 2,201 crore as on June 30, 2026, comprising dealer financing (62%) and working capital term loans (38%).

On a standalone basis, Progfin reported a profit after tax (PAT) of Rs. 14 crore in FY2026 on total managed assets of Rs. 2,826 crore as on March 31, 2026 compared to PAT of Rs. 12 crore in FY2025 on total managed assets of Rs. 2,060 crore as on March 31, 2025. It reported PAT of Rs. 5 crore on total managed assets of Rs. 2,397 crore as on June 30, 2026.

On a consolidated basis, Progcap reported a PAT of Rs. 13 crore in FY2026 on total managed assets of Rs. 2,892 crore as on March 31, 2026 compared to a net loss of Rs. 6 crore in FY2025 on total managed assets of Rs. 2,130 crore as on March 31, 2025. It reported PAT of Rs. 4 crore on total managed assets of Rs. 2,472 crore as on June 30, 2026.

Key financial indicators

DIV (consolidated)	FY2025	FY2026	Q1 FY2027
	Audited	Audited	Provisional
Total income	278	382	105
Profit after tax	(6)	13	4
Total managed assets	2,130	2,892	2,472
Return on average managed assets	-0.3%	0.5%	0.6%
Managed gearing (times)	1.8	2.7	2.1
GNPA/Gross stage 3*	1.1%	1.5%	2.3%
CRAR*	40.3%	30.3%	34.6%

Source: Company, ICRA Research; Amount in Rs. crore

Note: All ratios as per ICRA's calculations; * CRAR and asset quality indicators pertain to Progfin; Managed gearing = (Borrowings + Off-balance sheet advances)/Net worth; Total managed assets = Total assets + Impairment loss allowance on gross loans + Off-balance sheet advances

Progfin Private Limited (standalone)	FY2025	FY2026	Q1 FY2027
	Audited	Audited	Provisional
Total income	258	375	105
Profit after tax	12	14	5
Total managed assets	2,060	2,826	2,397
Return on average managed assets	0.7%	0.6%	0.8%
Managed gearing (times)	2.4	2.9	2.3
GNPA/Gross stage 3	1.1%	1.5%	2.3%
CRAR	40.3%	30.3%	34.6%

Source: Company, ICRA Research; Amount in Rs. crore

Note: All ratios as per ICRA's calculations; Managed gearing = (Borrowings + Off-balance sheet advances)/Net worth; Total managed assets = Total assets + Impairment loss allowance on gross loans + Off-balance sheet advances

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2027)				Chronology of rating history for the past 3 years					
Instrument				FY2026		FY2025		FY2024	
	Type	Amount rated (Rs crore)	Oct 06, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based- Others	Long Tem/Short Term	350	[ICRA]BBB+ (Stable)/[ICRA]A2	June 10, 2025	[ICRA]BBB + (Stable)/[ICRA]A2	-	-	-	-
				July 9, 2025	[ICRA]BBB + (Stable)/[ICRA]A2	-	-	-	-
				August 6, 2025	[ICRA]BBB + (Stable)/[ICRA]A2	-	-	-	-
				August 28, 2025	[ICRA]BBB + (Stable)/[ICRA]A2	-	-	-	-
				September 23, 2025	[ICRA]BBB + (Stable)/[ICRA]A2	-	-	-	-
				September 29, 2025	[ICRA]BBB + (Stable)/[ICRA]A2	-	-	-	-
				January 15, 2026	[ICRA]BBB + (Stable)/[ICRA]A2	-	-	-	-
Commercial Paper	Short Term	130	[ICRA]A2	August 6, 2025	[ICRA]A2	-	-	-	-
				August 28, 2025	[ICRA]A2	-	-	-	-
				September 23, 2025	[ICRA]A2	-	-	-	-
				September 29, 2025	[ICRA]A2	-	-	-	-
				January 15, 2026	[ICRA]A2	-	-	-	-
Non-convertible Debenture	Long Term	0	[ICRA]BBB+ (Stable)	August 28, 2025	[ICRA]BBB + (Stable)	-	-	-	-
				September 23, 2025	[ICRA]BBB + (Stable)	-	-	-	-
				September 23, 2025	[ICRA]BBB + (Stable)	-	-	-	-
				September 29, 2025	[ICRA]BBB + (Stable)	-	-	-	-
				January 15, 2026	[ICRA]BBB + (Stable)	-	-	-	-
				January 15, 2026	[ICRA]BBB + (Stable)	-	-	-	-

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	Oct 06, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Non-convertible Debenture	Long Term	250	[ICRA]BBB+ (Stable)	-	-	-	-	-	-
Non-convertible Debenture	Long Term	925	[ICRA]BBB+ (Stable)	August 28, 2025	[ICRA]BBB + (Stable)	-	-	-	-
				September 23, 2025	[ICRA]BBB + (Stable)	-	-	-	-
				September 23, 2025	[ICRA]BBB + (Stable)	-	-	-	-
				September 29, 2025	[ICRA]BBB + (Stable)	-	-	-	-
				January 15, 2026	[ICRA]BBB + (Stable)	-	-	-	-
				January 15, 2026	[ICRA]BBB + (Stable)	-	-	-	-
Unallocated limits-Unallocated limits	Short Term			May 15, 2025	[ICRA]A2	-	-	-	-
				June 10, 2025	[ICRA]A2	-	-	-	-

LT: Long term; ST: Short term

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term fund-based bank facilities	Simple
Commercial paper	Simple
Non-convertible debenture	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	Financial Sector Regulator [#]
NA	Long-term/Short-term fund-based bank facilities	NA	NA	FY2028	331.98	[ICRA]BBB+ (Stable)/[ICRA]A2	RBI
NA	Long-term/Short-term fund-based bank facilities*	NA	NA	NA	18.02	[ICRA]BBB+ (Stable)/[ICRA]A2	RBI
NA	Commercial paper*	NA	NA	7-365 days	130.00	[ICRA]A2	RBI
INE0MYJ07112	Non-convertible debenture	Sep-19-2025	11.00	Oct-04-2026	70.00	[ICRA]BBB+ (Stable)	SEBI
INE0MYJ07120	Non-convertible debenture	Sep-26-2025	11.00	Jan-26-2027	100.00	[ICRA]BBB+ (Stable)	SEBI
INE0MYJ07138	Non-convertible debenture	Oct-13-2025	11.00	Jan-13-2027	100.00	[ICRA]BBB+ (Stable)	SEBI
INE0MYJ07146	Non-convertible debenture	Oct-29-2025	11.15	Jul-29-2027	50.00	[ICRA]BBB+ (Stable)	SEBI
INE0MYJ07161	Non-convertible debenture	Jan-21-2026	10.00	Apr-21-2027	100.00	[ICRA]BBB+ (Stable)	SEBI
INE0MYJ07179	Non-convertible debenture	Jan-30-2026	11.00	July-30-2027	120.00	[ICRA]BBB+ (Stable)	SEBI
INE0MYJ07187	Non-convertible debenture	Mar-30-2026	10.50	Dec-30-2027	75.00	[ICRA]BBB+ (Stable)	SEBI
INE0MYJ07195	Non-convertible debenture	Aug-27-2026	11.00	Mar-03-2028	100.00	[ICRA]BBB+ (Stable)	SEBI
INE0MYJ07203	Non-convertible debenture	Sep-02-2026	10.00%	Jan-02-2028	125.00	[ICRA]BBB+ (Stable)	SEBI
INE0MYJ07211	Non-convertible debenture	Sep-24-2026	10.70%	Mar-24-2028	85.00	[ICRA]BBB+ (Stable)	SEBI
NA	Non-convertible debenture*	NA	NA	NA	250.00	[ICRA]BBB+ (Stable)	SEBI

Source: Company; [^] NCD details as on September 29, 2026; BLR details as on October 05, 2026; * Proposed/Yet to be placed; [#] 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 (FSRs) other than SEBI

[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
Proffin Private Limited	Rated entity	Full consolidation
Desiderata Impact Ventures Pvt. Ltd	Parent company	Full consolidation

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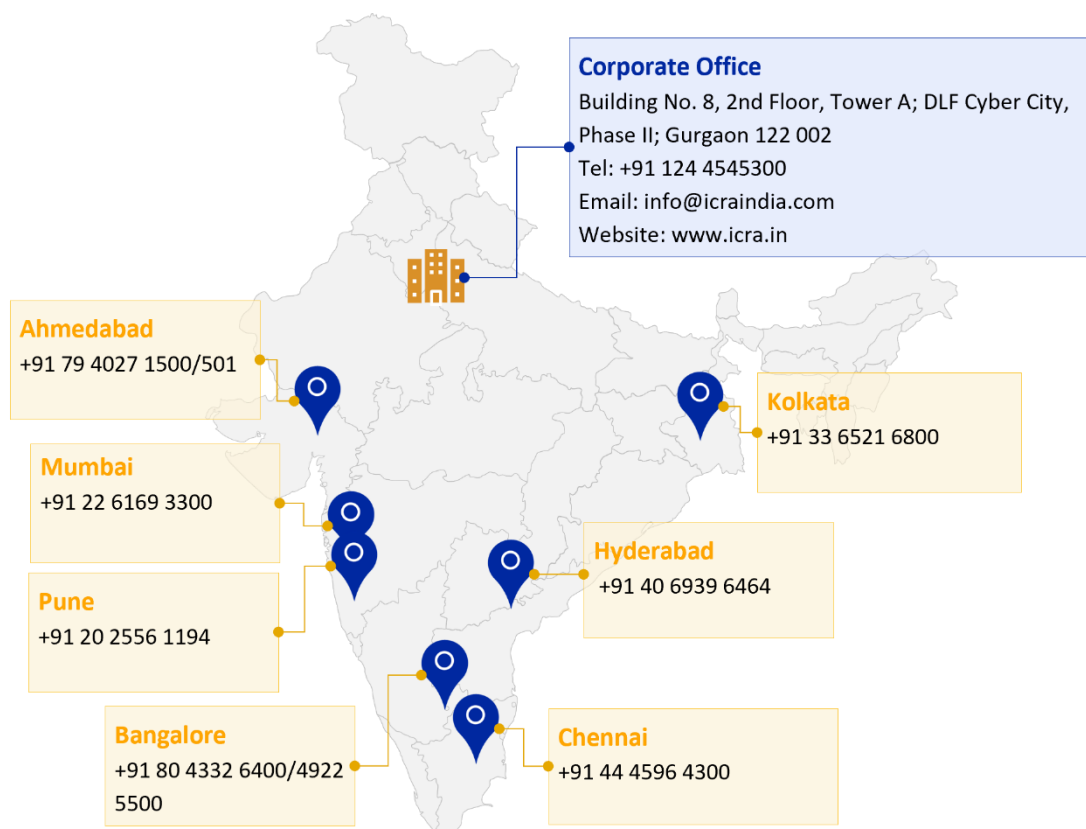
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