

India Ratings Downgrades Samunnati Finance’s NCDs and Bank Loans to ‘IND BB+’/Negative

May 29, 2026 | SAMUNNATI FINANCE PRIVATE LIMITED | Non Banking Financial Company (NBFC)

India Ratings and Research (Ind-Ra) has downgraded Samunnati Finance Private Limited's (SFPL) debt instruments to 'IND BB+' from 'IND BBB-' with a Negative Outlook as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned with Outlook/Watch	Rating Action
Non-convertible debentures*	-	-	-	INR3,750 (reduced from INR4,000)	IND BB+/Negative	Downgraded
Commercial paper	-	-	Up to 365 days	INR1,500	IND A4+	Downgraded

*Details in annexure

Analytical Approach

Ind-Ra continues to take a fully consolidated view of the Samunnati Group, which includes SFPL (100% owned by Samunnati Agri Value Chain Solutions Private Limited (SAVCSPL)) and Samunnati Agri Innovations Lab Private Limited, collectively referred to as the Samunnati hereafter, to arrive at the ratings, given the significant operational, financial, and managerial integration among the entities and the use of a common brand name.

Detailed Rationale of the Rating Action

The rating downgrade and the Negative Outlook reflect persistent strain on Samunnati’s consolidated credit profile, driven by ongoing losses, elevated credit costs, and continued asset quality stress, despite recent strategic realignments undertaken by the management. It also incorporates concerns around leadership changes and the evolving corporate governance framework.

The group has reported losses over multiple years, with FY26’s performance impacted by significant credit provisioning and deteriorated collection efficiency. Asset quality indicators remain weak, as evidenced by rising delinquencies, elevated write-offs, and increasing stress within segments such as farmer producer organisations (FPOs) and primary agricultural credit societies, highlighting the inherent vulnerability associated with its predominantly unsecured borrower base.

The business profile has weakened, reflected in a contraction in assets under management (AUM), largely attributable to broader market volatility, tighter internal underwriting norms, and subdued rural cash flows. The liability profile continues to exhibit concentration risks, with limited participation from banks and instances of covenant breaches, potentially constraining both the cost and availability of incremental funding.

While the company has initiated corrective measures, including enhancements to underwriting standards, portfolio surveillance, and product structuring, the tangible impact of these actions remains to be seen.

The rating action further underscores the criticality of adequate and timely equity infusion, along with a sustained improvement in asset quality, profitability, and diversification of funding sources. The ability to stabilise portfolio performance, restore earnings, and strengthen the liability mix will remain a key near-to-medium term monitorable.

List of Key Rating Drivers

Weaknesses

- Leadership changes and evolving governance structure
- Evolving business profile, with high geographic concentration
- Weakening asset quality
- Concentrated funding profile and limited exposure from banks
- Sustained losses and weak earnings profile

Strengths

- Adequate capitalisation; remains evolving with asset quality challenges

Detailed Description of Key Rating Drivers

Leadership Changes and Evolving Governance Structure: SFPL has witnessed significant changes in its senior management and board composition recently. The resignation of the former CEO—who has since become chairman at SAVCSPL—and the appointment of a new CEO and executive director indicate a substantial leadership transition. The chief financial officer's exit adds to the management churn.

Ind-Ra also notes multiple changes at the board level, including the resignation of two independent directors and their subsequent replacement, as well as the exit of a nominee director in FY26. While the company appears to be rationalising and streamlining its management structure, the frequency and breadth of these changes highlight an ongoing evolution in governance.

Moreover, the company has witnessed turnover in key managerial personnel and board members, which could have implications for strategic continuity and consistency in decision-making. The lack of stability at senior levels may also affect execution of long-term plans, and internal control effectiveness. The ability to establish a stable leadership structure and demonstrate consistent performance will remain a key near- to medium-term monitorable.

Evolving Business Profile, with High Geographic Concentration: SAVCSPL's strategic shift since FY21 from lending to network partners towards agri-enterprises and FPOs has materially reduced its legacy exposure (8.1% of AUM as of FY26), but also has increased vulnerability to agricultural cash-flow volatility, which can affect repayment trends. This risk is accentuated by the predominantly unsecured nature of the portfolio, limiting recovery prospects in case of stress. The company's AUM declined sharply to INR9.4 billion as of FY26 (FY25: INR 15.1 billion), driven by lower disbursements amid market volatility, policy uncertainty, tighter insurance norms, tariff-related pressures, and weak rural cash flows. While this contraction also reflects a conscious tightening of underwriting standards and selective disbursements, it highlights near-term growth challenges. Geographical concentration remains moderate, with 66% of the portfolio concentrated in five states, exposing the company to region-specific risks.

The management intends to rebuild the portfolio under a revised risk framework, focusing on granular, flow-based lending to agri-enterprise anchors and better-performing FPOs, while avoiding large, concentrated exposures. The planned expansion of co-lending partnerships is expected to improve capital efficiency and ease funding constraints. However, the extent to which this strategy supports sustainable growth and asset quality stability remains a key monitorable.

Weakening Asset Quality: Samunnati's portfolio, primarily comprising unsecured lending to farmers, agri-enterprises, and FPOs, remains inherently vulnerable to income volatility and cash-flow disruptions due to the limited financial flexibility of its borrower base. Asset quality pressures have been evident, with the gross NPA ratio increasing to 4.51% as of FY26 (FY25: 4.03%; FY24: 2.34%), alongside elevated write-offs of INR651.78 million during the year. Write-offs as a proportion of average gross loans also rose to 5.21% in FY26, indicating sustained stress in the portfolio.

Collection performance has weakened, with current collection efficiency declining to 64% in March 2026 from 80% in April 2025, reflecting both seasonal factors and underlying strain in borrower repayment capacity. While the company has initiated corrective measures, including reducing ticket sizes, curbing repeat lending to FPOs, introducing collateral

selectively, and strengthening monitoring frameworks, the effectiveness of these actions is yet to be demonstrated. The trajectory of asset quality, improvement in collections, and moderation in credit costs will remain key monitorables.

Concentrated Funding Profile and Limited Exposure from Banks: SFPL's funding profile remains concentrated in capital-market borrowings, with limited exposure from banks. As of end-FY26, the borrowing mix comprised external commercial borrowings (37.76%), non-convertible debentures (28.48%), term loans (29.1%), and commercial papers (1.9%). Borrowings from banks formed only around 5.2% of the total liabilities. The lender base also remains concentrated, with the top five lenders contributing 64% to the total funding at end-March 2026.

As of 31 March 2026, 18% of consolidated debt and around 23% of non-banking finance company (NBFC)-level debt were in breach of financial covenants, primarily linked to PAR90+ thresholds, and the company is seeking waivers. The company's ability to diversify its liability profile, increase the share of stable bank funding, manage covenant compliance, and secure funding at competitive pricing remains a key monitorable for the rating.

Sustained Losses and Weak Earnings Profile: At the consolidated level, the company has been reporting losses since FY21. It recorded a pre-provisioning loss of INR626.4 million in FY26 (9MFY26: loss of INR160.2 million; FY25: profit of INR143 million; FY24: loss of INR280.8 million). The group reported a loss after tax of INR2,438.4 million in FY26, driven largely by elevated credit costs (9MFY26: loss of INR1,071.9 million, FY25: loss of INR740 million; FY24: loss of INR79.1 million). Consolidated credit costs increased to 17.7% of average loans in FY26 (9MFY26: 10.66%; 1HFY26: 4.34%; FY25: 0.6%). On a standalone basis, SFPL posted a loss of INR1,474 million in FY26 (FY25: profit INR29 million; FY24: profit INR210 million). The standalone return on assets remained at negative 9.35% in FY26 (FY25: negative 0.16%; FY24: negative 1.24%), reflecting continued pressure on profitability.

Management expects some improvement in yields (100–150bp), as risk-adjusted pricing is implemented and high-cost liabilities are phased out. Operating expenditure has moderated due to headcount rationalisation and increased use of technology in onboarding, underwriting, and collections. The operating cost-to-assets ratio increased to 7.1% in FY26 (FY25: 6.61%; FY24: 7.5%) due to denominator effect of shrinkage in assets base.

The group's return on assets has remained negative for multiple years, indicating persistent earnings weakness. The company's ability to restore profitability, contain credit costs and improve returns on a sustainable basis remains a key monitorable.

Adequate Capitalisation; Remains Evolving with Asset Quality Challenges: The consolidated leverage increased to 4.25x at end-FY26 (9MFY26: 3.57x; FY25: 3.81x; FY24: 3.37x; FY23: 4.5x; FY22: 3.8x), indicating a moderation in the financial profile relative to recent periods. While leverage remains elevated, the company has secured equity commitments of INR575 million, of which INR105 million has already been infused in May 2026. The balance infusion, if completed in a timely manner, is likely to provide some support to leverage and capital adequacy. The trajectory of leverage, however, will largely depend on the pace of operational recovery. Timely completion of the committed equity raise remains important to sustain the current business model and maintain adequate capital buffers.

The consolidated tangible net worth declined to INR3.1 billion at end-FY26 (9MFY26: INR4.4 billion; FY25: INR4.9 billion; FY24: INR4.7 billion; FY23: INR2.87 billion; FY22: INR3.54 billion), primarily due to continued losses. The company raised INR0.43 billion in FY26, following a higher infusion of INR1.92 billion in FY24. Since inception, the group has raised cumulative equity of INR10.72 billion, with consistent participation from existing investors across funding rounds, reflecting continued access to capital. Additionally, the group has supported its subsidiaries through capital deployment and credit facilities to meet their funding requirements and align operations with the consolidated business plan.

Liquidity

Adequate: According to the asset liability management statement at end-March 2026, SFPL was in a surplus position, with a cumulative surplus (excess of short-term assets over short-term liabilities in the up-to-one-year bucket) of around 23.6% of the total assets. As a policy, SFPL maintains total liquidity minimum of one month's repayment obligations and two months of operational expenses (based upon an average of the expenses incurred in the past 12 months). As on 30 April 2026, SFPL had cash and liquid investments of INR476.5 million along with unutilised lines of INR50.2 million, which is adequate to cover its debt obligations of INR460.2 million for May 2026.

Rating Sensitivities

Negative: Following events will individually or collectively lead to negative rating trigger:

- Inability to mobilise debt and equity capital in timely manner leading to significant deterioration in the liquidity buffer
- further worsening of asset quality and profitability

Positive: Significant improvement in capital buffers, asset quality, and profitability would lead to a positive rating action.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on SFPL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra’s ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

About the Company

SFPL, which is now a wholly owned subsidiary of SAVCSPL, offers financial services to the agricultural value chain and operates on a digital lending model. It caters to the funding requirements of agri enterprises and farmer producer companies

SAVCSPL was previously an NBFC, and it had commenced its operations in 2016. The company transferred its business to SFPL (an inhouse NBFC) on 20 December 2024 in the composition scheme through slump sale and surrendered its NBFC license. The entity has amalgamated Samunnati Agro Solutions Private Limited to carry out trade facilities and provide market linkages to agri-value chain players. The shareholder base includes foreign funds and high-net-worth individuals such as Accel India V (Mauritius) Ltd, Elevar M-III, responsAbility Agriculture I, and the Teachers Insurance and Annuity Association of America.

Key Financial Indicators

Particulars – SAVCSPL (consolidated)	FY26	FY25	FY24
Total assets (INR billion)	17.3	24.7	23.9
Total equity (INR billion)	3.1	4.9	4.8
Net profit/loss (INR billion)	-2.4	-0.74	-0.08
Equity/assets (%)	18.08	20.10	21.57
Leverage (x)	4.25	3.78	3.37
Tier 1 ratio (%)	18.35	22.77	23.25
Source: Ind-Ra; Samunnati			
Particulars – SFPL (NBFC)	FY26	FY25	FY24
Total assets (INR billion)	13.63	17.89	19.35
Total equity (INR billion)	2.72	3.64	7.09
Net profit/loss (INR billion)	-1.47	0.03	0.21
Equity/assets (%)	19.96	20.37	36.67

Gross NPAs (%)	4.51	4.03	2.34
Leverage (x)	3.88	3.81	1.69
Source: Ind-Ra; Samunnati			

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook		
	Rating Type	Rated Limits (million)	Current Rating	23 March 2026	24 March 2025	21 February 2025
Non-convertible debentures	Long-term	INR3,750	IND BB+/Negative	IND BBB-/Stable	IND BBB/Stable	IND BBB/Stable
Commercial paper	Short-term	INR1,500	IND A4+	IND A3	IND A2	IND A2

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Commercial paper	Low
Non-convertible debentures	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Annexure

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
NCDs	INE0N5S07011	16 April 2025	11.6	15 April 2028	INR435	IND BB+/Negative
NCDs	INE0N5S07037	28 May 2025	11.1	8 June 2026	INR500	IND BB+/Negative
NCDs	INE0N5S07029*	28 April 2025	11.26	7 May 2026	INR250	WD
NCDs	INE0N5S07052	23 September 2025	11	23 March 2027	INR500	IND BB+/Negative
NCDs	INE551U07324	19 September 2024	11.5	19 September 2029	INR555.2	IND BB+/Negative
		Utilised			INR1990.2	
		Unutilised			INR1,759.8	IND BB+/Negative
		Total**			INR3,750	

Source: Ind-Ra, Samunnati

**Does not include withdrawn ISINs

* Paid in full

List of instruments and names of regulators of the instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

A. Rating Activity

Sr. No.	Instrument / activity Name	Regulator of the instrument
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 and 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	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI

Sr. No.	Instrument / activity Name	Regulator of the instrument
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA

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

~ 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 may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), India Ratings shall separately capture the rated quantum details along with names of respective regulators.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

B. Other activities:

Sr. No.	Activity Name	Regulator of the activity
1	Monitoring Agency	SEBI
2	Research activities, incidental to rating, such as research for Economy, Industries and Companies @	NA

@ permitted by SEBI vide SEBI Master Circular for CRAs.

Note: For instruments or activities falling under the purview of regulators other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Contact

Primary Analyst

Adwait Abhyankar

Analyst

India Ratings and Research Pvt Ltd

Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai - 400051

+91 22 40356162

For queries, please contact: infogrp@indiaratings.co.in

Secondary Analyst

Deepali Panda

Associate Director

4046666828

Media Relation

Ameya Bodkhe

Marketing Manager

+91 22 40356121

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

The Rating Process

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