Samunnati

Ref: SFPL/BSE/233/2025-26

Date: March 23, 2026

To,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

Dear Sir/Madam,

Sub: Intimation under Regulation 51(2) read with Schedule III Part B of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") - Downgrading of Credit Rating

BSE Scrip Code: 976621

With reference to the above subject, we wish to inform you that India Ratings and Research Private Limited ("India Ratings") vide its press release dated March 23, 2026, has downgraded the Credit Rating of Non-convertible Debentures and Commercial Papers of the Company as follows:

Instrument/Facility	Earlier Rating	Revised Rating
Non-Convertible Debentures	IND BBB/Stable	IND BBB-/Stable
Commercial Papers (maturity up to 365 days)	IND A2	IND A3

In this regard, please find attached the rating rationale issued by India Ratings dated March 23, 2026.

We request you to take the same on record.

Thanking you,

Yours faithfully,

For **Samunnati Finance Private Limited**

Suraj Vasudev Sharma

Digitally signed by Suraj Vasudev Sharma
Date: 2026.03.23 18:04:36 +05'30'

Suraj Vasudev Sharma
Company Secretary & Compliance Officer

Enclosure: As above

Copy to: Debenture Trustees

India Ratings Downgrades Samunnati Finance's NCDs and Bank Loans to 'IND BBB-'/Stable; CP to 'IND A3'

Mar 23, 2026 | SAMUNNATI FINANCE PRIVATE LIMITED | Non Banking Financial Company (NBFC)

India Ratings and Research (Ind-Ra) has downgraded the rating on Samunnati Finance Private Limited's (SFPL) non-convertible debentures to 'IND BBB-' with a Stable Outlook from 'IND BBB' and that on its commercial paper to 'IND A3' from 'IND A2'. The detailed rating action is as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Non-convertible debentures #	-	-	-	INR4,000	IND BBB-/Stable	Downgraded
Commercial paper*	-	-	Up to 365 days	INR1,500	IND A3	Downgraded

Details in Annexure

*Yet to be issued

Analytical Approach

Ind-Ra has taken 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 downgrade is attributable to the ongoing pressure on Samunnati's consolidated credit profile, stemming from persistent losses, elevated credit costs, and weak asset-quality indicators, despite recent revisions implemented by the management. The group has experienced losses over multiple years, with the 9MFY26 profitability being significantly affected by high credit provisions and weakened collection efficiency. Asset-quality metrics remain under strain, with rising delinquencies, high write-offs and increased stress in the Farmer Producer Organisations (FPO) and Primary Agricultural Credit Societies. PACS-linked segments, underscoring the vulnerability of the unsecured borrower base.

The business profile has been negatively affected by a contraction in the assets under management (AUM), driven by market-wide volatility, tighter internal risk filters, and weaker rural cash flows. Funding concentration remains high, with limited bank participation and periodic covenant breaches, which could affect the cost and stability of incremental funding. While the company has introduced corrective guardrails in underwriting, portfolio monitoring and product design, the effectiveness of these measures is yet to be demonstrated.

The downgrade also considers the critical need for timely equity mobilisation and a sustained improvement in asset quality, earnings and liability diversification. The ability to stabilise portfolio performance, enhance profitability and strengthen the funding mix will be key monitorable for the rating over the near-to-medium term.

List of Key Rating Drivers

Strengths

- Adequate capitalisation for current scale of operations
- Experienced management team and established equity investor base

Weaknesses

- Evolving business profile, with high geographic concentration
- Pressure on asset quality
- Concentrated funding profile and limited exposure from banks
- Sustained losses and weak earnings profile

Detailed Description of Key Rating Drivers

Adequate Capitalisation for Current Scale of Operations: Samunnati has consistently mobilised equity to support its capitalisation profile over time. At end-9MFY26, the consolidated tangible net worth reduced to INR4.35 billion (FY25: INR4.9 billion; FY24: INR4.7 billion; FY23: INR2.87 billion; FY22: INR3.54 billion) due to higher losses. The company raised INR 0.43 billion during 9MFY26, following an INR 1.92 billion in FY24. Since its inception, the group has raised a cumulative INR10.72 billion, with participation from all existing investors in each round, indicating continued access to equity capital.

The company has also deployed capital and extended credit facilities to its subsidiaries to meet their funding needs and align their operations with the group’s consolidated business plan. The consolidated leverage stood at 3.57x in 9MFY26 (FY25: 3.81x; FY24: 3.37x; FY23: 4.5x; FY22: 3.8x). Although leverage remains elevated, the group’s demonstrated ability to raise equity capital in the past provides it with a mechanism to support its capital structure when required. The management has indicated plans to raise a substantial amount of incremental equity in FY27, with a larger share expected from new investors and a smaller contribution from the existing shareholders. Ind-Ra notes that the timely completion of this planned equity raise will be essential to support the group’s growth plans and maintain capital adequacy.

Experienced Management Team and Established Investor Base: SFPL’s management team comprises professionals with nearly two decades of experience in agricultural lending, enhancing the group’s operational and sectoral understanding. Samunnati benefits from the presence of established shareholders who have a consistent history of participating in capital infusions. 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. Ind-Ra notes the changes in the company’s board structure in 9MFY26, following the resignation of two independent directors and the subsequent appointment of their replacements, as well as the exit of one nominee director.

Investor involvement is further reflected through board representation, with the four largest shareholders occupying board positions. This enables continuous oversight, contributes to governance practices, and facilitates support in areas such as technology adoption and strategic decision-making. The combined experience of the management team and the active engagement of shareholders remain important elements underpinning the group’s business framework and overall strategic direction.

Evolving Business Profile, with High Geographic Concentration: SFISPL, incorporated in FY15 as an NBFC, initially focused on lending to network partners. In FY21, the company revised its operating strategy and shifted its focus to lending towards agri-enterprises and farmer producer companies, reducing exposure to network partners to around 6.9% of the total book at end-9MFY26. However, SFPL’s operations remain geographically concentrated. Five states - Tamil Nadu, Maharashtra, Telangana, Karnataka and Bihar - contributed 67.4% to the AUM at end-9MFY26 (FY25: 64.5%). The borrower base is exposed to fluctuations in agricultural cash flows, which could lead to volatility in repayment behavior. Given the largely unsecured nature of the loan book, the potential for recovery in the event of slippage remains limited.

The company's AUM declined to INR11.5 billion at end-9MFY26 (FY25: INR15.1 billion; FY24: INR13.3 billion), driven by lower disbursements on account of market volatility, policy uncertainty, tighter insurance norms, tariff-related pressures and weakening rural cash flows. In response, the company tightened its risk filters and adopted a selective disbursement approach, which contributed to the contraction. The management expects operating conditions to improve over the medium term and plans to rebuild the loan book within the revised risk framework. Growth is likely to remain calibrated, with a focus on agri-enterprise anchors, flow-based structures, better-performing FPOs and smaller-ticket, diversified exposures, while avoiding large concentrated corporate loans. The effectiveness of this shift in supporting sustainable growth and stabilising asset quality remains a key monitorable.

Pressure on Asset Quality: Samunnati primarily operates in the unsecured lending to farmers, agricultural enterprises and FPOs, with exposures extended for working-capital needs, agricultural equipment, livestock purchases and infrastructure-related activities. The borrower profile has limited financial flexibility, which increases sensitivity to income variability and cash-flow disruptions. The gross non-performing assets (GNPA) ratio increased to 2.15% in 9MFY26 (1HFY26: 1.23%; FY25: 4.03%; FY24: 2.34%). The decline in GNPA from FY25 levels was mainly due to the sale of INR1,500 million of stressed assets to an asset reconstruction company ARC during 1HFY26. Write-offs amounted to INR499.7 million in 9MFY26 (FY25: INR568 million; FY24: INR846 million). Write-offs as a percentage of average gross loans increased to 4.95% in 9MFY26 (FY25: 3.95%)

Current collection efficiency (current collection/current demand) reduced to 59% in December 2025 from 80% in April 2025, partly due to seasonal income patterns but also indicating pressure on borrower repayment capacity. The farmer collective vertical recorded a GNPA (PAR360+) of 4.1% in December 2025 (FY25: 0.15%), driven by disruptions in PACS-linked exposures, uneven crop cycles, limited liquidity at the FPO member level, and operational instability. State-level administrative transitions contributed to further delays in collections, leading to cash-flow gaps at the FPO level.

While the company has implemented measures such as reducing ticket sizes, suspending repeat loans to FPOs, introducing collateral in select cases, and strengthening monitoring, the effectiveness of these actions is yet to be established. Ind-Ra notes that the trajectory of asset quality, the evolution of collection trends, and the movement in credit costs will remain key monitorable.

Concentrated Funding Profile and Limited Exposure from Banks: SFPL's funding profile remains concentrated in capital-market borrowings, with limited exposure from banks. At end-9MFY26, the borrowing mix comprised external commercial borrowings (36.54%), non-convertible debentures (32.7%), term loans (29.7%), and commercial paper (1.9%). Borrowings from banks formed only around 5.2% of total liabilities. Borrowings from financial institutions including Development Financial Institutions (DFIs) stood at 80.2% in 9MFY26. The lender base also remains concentrated, with the top five lenders contributing 60% of total funding at end-December 2025. The consolidated average cost of funds stood at 12.5% in 9MFY26 (FY25: 12.4%), reflecting only a marginal decline despite treasury actions to retire select high-cost borrowings and replace them with relatively low-cost bank/DFI funding.

As on 31 December 2025, 4% of consolidated debt and around 17% of NBFC-level debt were in breach of financial covenants, primarily linked to PAR90+ thresholds. 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 INR160.2 million in 9MFY26 (FY25: profit of INR143 million; FY24: loss of INR280.8 million). The group reported a loss after tax of INR1,071.9 million in 9MFY26, driven largely by elevated credit costs (FY25: loss of INR740 million; FY24: loss of INR79.1 million). The consolidated credit costs increased to 10.66% of the average loans in 9MFY26 (1HFY26: 4.34%; 9MFY25: 4.5%). On a standalone basis, SFPL posted a loss of INR782.8 million in 9MFY26, compared with a profit of INR29 million in FY25 and INR210 million in FY24. The standalone return on assets turned negative at 6.26% in 9MFY26 (FY25: 0.16%; FY24: 1.24%), reflecting the pressure on profitability.

The 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, increased use of technology in onboarding, underwriting and collections. The operating cost-to-assets ratio declined to 5.3% in 9MFY26 (FY25: 6.61%; FY24: 7.5%). However, the benefit from lower operating costs has been offset by higher credit costs, limiting improvements in overall earnings.

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.

Liquidity

Adequate: According to the asset liability management statement at end-December 2025, 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 22% 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 last 12 months). As on 28 February 2025 SFPL had cash and liquid investments of INR580 million along with unutilised lines. The collections for the company for the next three months amount to INR5,500 million. The cash and liquid investments coupled with collections is adequate to cover its debt obligations of INR1,789.6 million for March-May 2026.

Rating Sensitivities

Positive: The rating may be upgraded if the company collectively demonstrates**:**

- sustained improvement in profitability metrics, supported by continued business growth
- maintained control over asset quality, reflected in stable or improving credit costs
- further diversification of funding sources
- reduction in geographical concentration, leading to a more balanced portfolio distribution

Negative: The following developments, individually or collectively, could lead to a negative rating action:

- failure to mobilise the planned equity by 1HFY27, thereby constraining the company's ability to scale operations
- consolidated leverage (debt/equity) rising above 4.0x on a sustained basis
- continued delays in stabilizing operating performance
- inability to contain credit costs, leading to further weakening of operating buffers
- deterioration in liquidity buffers, reducing the company's ability to withstand stress scenarios

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

SAVCSPL (formerly SFISPL) was previously a non-banking finance company, 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 SASPL to carry out trade facilities and provide market linkages to agri-value chain players. Furthermore, on 21 January 2025, it changed its name to SAVCSPL. 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.

Key Financial Indicators

Particulars – SAVCSPL (Consolidated)	9MFY26	FY25	FY24
Total assets (INR billion)	21.2	24.7	23.9
Total equity (INR billion)	4.35	4.9	4.8
Net profit/loss (INR billion)	-1.07	-0.74	-0.08
Equity/assets (%)	20.50	20.10	21.57
Leverage (x)	3.58	3.78	3.37
Tier 1 ratio (%)	23.84	22.77	23.25
Source: Ind-Ra; Samunnati			

Particulars – SFPL (NBFC)	9MFY26	FY25	FY24
Total assets (INR billion)	15.43	17.89	19.35
Total equity (INR billion)	3.28	3.64	7.09
Net profit/loss (INR billion)	-0.78	0.03	0.21
Equity/assets (%)	21.32	20.37	36.67
Gross NPAs (%)	2.12	4.03	2.34
Leverage (x)	3.57	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	24 March 2025	21 February 2025
Non-convertible debentures	Long-term	INR4,000.00	IND BBB-/Stable	IND BBB/Stable	IND BBB/Stable
Commercial paper	Short-term	INR1,500.00	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
Non-convertible debentures	INE551U07316**	2 September 2024	11.37	2 December 2025	INR300	WD

Non-convertible debentures	INE0N5S07011	16 April 2025	11.6	15 April 2028	INR435	IND BBB-/Stable
Non-convertible debentures	INE0N5S07037	28 May 2025	11.1	8 June 2026	INR500	IND BBB-/Stable
Non-convertible debentures	INE0N5S07029	28 April 2025	11.26	7 May 2026	INR250	IND BBB-/Stable
Non-convertible debentures	INE0N5S07052	23 September 2025	11	23 March 2027	INR500	IND BBB-/Stable
Non-convertible debentures	INE551U07324	19 September 2024	11.5	19 September 2029	INR555.2	IND BBB-/Stable
		Utilised			INR2240.2	
		Unutilised			INR1759.8	IND BBB-/Stable
		Total*			**INR4000**	
Source: Ind-Ra, Samunnati						

*total does not include withdrawn ISINs.

**Paid in full

Contact

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About India Ratings

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

The Rating Process