

## Finnable Credit Private Limited

September 23, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	150.00	CARE BBB+; Stable	Assigned
Non-convertible debentures	25.00	CARE BBB+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to the long-term bank facilities and non-convertible debentures (NCDs) of Finnable Credit Private Limited (FCPL) factor in the group's adequate capitalisation and gearing levels, supported by a demonstrated track record of equity raise (~₹525 crore since inception) with further infusion expected in current fiscal. Ratings assigned are based on consolidated view of credit profiles of FCPL and its wholly owned subsidiary – Finnable Technologies Private Limited (FTPL), together referred to as the "Finnable" owing to the shared brand name and managerial synergies. Ratings also derive comfort from consistent scale-up in operations, with assets under management (AUM) rising to ₹2,924 crore as on June 30, 2025, from ₹370 crore in March 2022, aided by its technology-driven underwriting and from the experienced leadership team. Profitability has improved, with the company turning profitable from Q3FY25, though earnings remain modest.

However, ratings remain constrained by FCPL's relatively moderate track record of operations, limited seasoning of on-book loan with meaningful on-book scale-up only from FY25, moderate profitability metrics and concentrated resource profile with high cost of funds. While on-book gearing levels is comfortable, the AUM-to-net worth ratio remains elevated, owing to the significant share of the off-book portfolio. CARE Ratings Limited (CareEdge Ratings) notes inherent risks from FCPL's predominant focus on unsecured lending; a segment typically associated with higher credit costs. Robustness of the company's credit engine is evolving and will be crucial for sustaining asset quality as book scales up. These risks are partly offset by its emphasis on salaried borrowers. Regulatory risks from the evolving digital lending framework also remain key monitorable.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Sizable growth in scale of operations while maintaining profitability and asset quality metrics /credit cost at comfortable levels
- Diversification in resource profile with raising funds at competitive rates

#### Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Decline in capitalisation levels with overall gearing (Borrowings/Tangible networkth adjusted for FLDG) of over 3.5x at consolidated level or AUM/ tangible net worth exceeding 6x at consolidated level on a sustained basis.
- Significant rise in credit cost, leading to deterioration in its profitability.
- Adverse regulatory event/developments, impacting business risk profile.

#### Analytical approach: Consolidated

CareEdge Ratings has taken a consolidated view of FCPL together referred to as Finnable. FCPL holds 100% of the Fintech (FTPL). Entities considered for consolidation are listed under Annexure 6.

#### Outlook: Stable

The stable outlook reflects the company will continue growing its portfolio while maintaining healthy asset quality and healthy capitalisation levels.

### Detailed description of key rating drivers:

#### Key strengths

##### Increase in scale of operations driven by technology led underwriting model

Finnable has witnessed sharp increase in its scale of operations with AUM rising by 45%, from ₹1,899.09 crore as on March 31, 2024, to ₹2,755.51 crore as on March 31, 2025. As on June 30, 2025, AUM further increased to ₹2,924 crore, supported by expansion across 23 states. The company's growth is underpinned by its technology-based underwriting framework, executed through its subsidiary FTPL, which manages the end-to-end credit cycle—origination, risk assessment, and disbursement—on a

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

fully digital platform. Minimal manual intervention enables faster turnaround times (TAT), efficient processing, and scalability. 100% of AUM is given to salaried customers with average ticket size of 2.5 lakh (Max 10 lakhs) with average tenure of 42 months and yield of ~25%. Unlike other fintechs, Finnacle also has physical verification model where it employs ~1300 employees for sales, verification, collections. Physical verification (residence and office) gets triggered via tech, which gets completed with TAT of ~1 hour. All 100% collection is in house with no outsource up to 150 days past due (DPD).

While the technology-driven model has facilitated rapid growth and geographic diversification, CareEdge Ratings notes that maintaining asset quality during this high-growth phase remains a key monitorable.

### **Adequate capitalisation levels**

At the consolidated level, FCPL's net worth stood at ~₹500 crore as on September 03, 2025, supported by regular equity infusions from investors. Since inception, the company has raised a cumulative ₹525 crore of equity, reflecting consistent investor backing. With a significant portion of its portfolio—87.2% of AUM—being off-book, reliance on borrowings has remained limited, resulting in a comfortable gearing of 1.12x as on June 30, 2025, which has further moderated following the recent equity raise. However, the AUM to net worth ratio stood elevated at ~5.85x as on June 30, 2025 (based on net worth of ₹500 crore). Adjusted gearing (Debt/ Tangible net worth adjusted for first loss default guarantee [FLDG]) stood at 1.83x as on June 30, 2025.

Going forward, the management intends to maintain gearing levels below 3x (On-book) and AUM/ NW less than 6x on a steady-state basis. However, given the company's growth trajectory, its ability to timely raise capital to support expansion while keeping leverage and AUM to net worth within guided levels will remain a key monitorable.

### **Experienced founders and management team**

Finnacle is co-founded by Nitin Gupta and Amit Arora, both seasoned professionals with over two decades of experience each in financial services sector. Nitin Gupta, Co-founder, began his career in analytics with a leading MNC Bank before establishing an analytics company catering to global banks. Arora has 21 years of experience in retail banking across risk, business, and digital banking functions. Promoters are supported by an experienced leadership team. Sandeep Koul, Chief Technology Officer, brings over 22 years of expertise in technology and product management, having earlier co-founded HummingWave, a fintech-focused technology solutions company. Shrenik Sethi, Senior Vice President – Risk & Analytics, has over a decade of experience in credit risk and analytics, with prior stints at Citibank, PwC, and Bajaj Finserv.

Extensive experience of the founding team and senior management across credit, risk management, and digital solutions underpins Finnacle's business strategy, technology-driven model, and operational resilience. However, CareEdge Ratings notes that the company's ability to retain and further strengthen its senior leadership bench will remain important to sustain growth and manage risks effectively in the high-growth phase.

### **Asset Quality – Healthy but yet to be tested across multiple cycles**

Finnacle's reported asset quality are currently healthy, with the gross non-performing assets (GNPA) ratio declining to 0.12% as on March 31, 2025, compared to 2.86% a year earlier. In absolute terms, GNPA stood at ₹0.55 crore against a total on-book portfolio of ₹285.99 crore. However, it may be noted that significant portion of AUM is off-book and 90+ DPD stood stable at 1.10% as on June 30, 2025, against 1.16% as on March 31, 2024, despite the stress witnessed in unsecured PL segment in FY25. Current bucket bounce rates have been ~12.5%, which has been on reducing trend.

While these metrics reflect improvement, the portfolio has not been tested across multiple cycles. Robustness of the company's credit engine is evolving and will be crucial for sustaining asset quality as book scales up. Moreover, elevated write-offs are inherent to the unsecured PL segment; however, this risk is partly mitigated by the company's focus on salaried borrowers and its data-driven underwriting framework, which contributed to a relatively lower write-off of 2.39% of AUM in FY25.

Going forward, the group's ability to maintain asset quality at adequate levels leveraging its proprietary credit risk model and collection efforts will remain a key rating monitorable.

### **Key weaknesses**

#### **Moderate track record of operations**

The group has an operational track record of ~7 years. The company has been on significant growth path with AUM growing at CAGR of ~89% post FY22. On a consolidated basis, the company's AUM stood at ₹2,924 crore as on June 30, 2025. However, the on-book portfolio remains low at 12.8% of AUM as on June 30, 2025, leading to limited seasoning on own-book. Due to limited vintage, its asset quality performance through different economic cycles is yet to be established, inducing a level of

uncertainty. CareEdge Ratings observes that credit risk models based on data analytics and machine learning will continuously evolve both with time and with growth in portfolio.

### **Moderate-but-improving profitability**

With company being in initial stages of operations, its profitability remained under loss with high operational expenses till FY24. At a consolidated level, the company has turned profitable from Q3FY25. Overall profit after taxation (PAT) for FY25 was at ₹6.8 crore. The company has reported profit before taxation (PBT) of ₹13.5 crore in Q1FY26. The company expects with benefits of scale of operations the trend in operational expenses/ average total assets is expected to improve, which is expected to result in significant improvement in profitability levels going forward. The company's ability to source funds at competitive rates and keep operational expenses under control with company being in growth phase would be critical to attaining healthy profitability and would drive growth prospects.

### **Concentrated resourced profile with higher cost of funds**

The company's debt raising track record remains limited with company scaling up own book only from FY25. Prior to FY25 all borrowings were from non-banking financial companies or financial institutions (NBFCs/FIs). As on August 31, 2025, term loan from NBFCs/FIs continue to form major share of borrowings and constituted 46.9% of borrowings outstanding. The share of bank borrowings, including funding from small finance banks and private sector banks, formed 15.7% of borrowings. The company has also been able to borrow from market borrowings with NCDs forming major share of borrowings at 37.5% of borrowings as on August 31, 2025. However, the weighted average cost of debt outstanding remains high at ~14%. Going forward, the management also plans to continue tapping into market borrowings through raising funds through NCD and also further diversify its lender base with access to public and private sector banks based on the borrowing rate scenario. The evolving funding mix reflects the company's efforts to diversify its liability profile; however, its ability to further strengthen and optimise its resource base will remain critical to support future growth.

### **Regulatory risk related to the digital lending space**

Ratings also take note of the regulatory risk associated with entities operating in digital lending, as regulations are still evolving. Digital lending gaining momentum and size, and evolving industry regulations expose the industry to regulatory risk. Recent regulatory actions by the RBI—particularly in the unsecured lending segment—have impacted growth and yield profiles of several players, highlighting the sector's vulnerability to policy shifts. However, recent reversal of increased risk weights on unsecured loans by the regulator is viewed as a positive development for entities operating in this space.

### **Liquidity: Adequate**

The company's liquidity profile remains adequate, supported by healthy cash balances and the short-tenor nature of its loan book. As on June 30, 2025, the asset–liability management (ALM) statement reflected no negative cumulative mismatches across any time bucket, though a minor mismatch was observed in the 3–6 month bucket (excluding interest inflows). For the next 12 months, scheduled inflows from advances stood at ₹100 crore, compared to scheduled repayments of ₹145 crore. Liquidity is supported by free cash and cash equivalents of ₹33 crore on a consolidated basis as on June 30, 2025. The mismatch has been compensated by the recent equity infusion of ₹250 crore in September 2025, which strengthens the overall liquidity buffer.

Going forward, the company's ability to maintain adequate liquidity while scaling up its on-book portfolio, and to diversify funding sources in line with growth requirements, will remain a key monitorable.

### **Applicable criteria**

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Non Banking Financial Companies](#)

[Criteria on Consolidation and Combined Approach](#)

### **About the company and industry**

#### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

FCPL was incorporated on August 12, 2015, and received its NBFC registration from the Reserve Bank of India (RBI) as a Base Layer NBFC. The company provides unsecured personal loans targeting salaried individuals through a fully digital platform with quick turnaround and paperless processing. The company's technology platform led origination and servicing capabilities is catered by FTPL, which was incorporated on June 17, 2020, as a group entity acting as the lending service provider, while FCPL undertakes regulated lending activities. FTPL is a wholly owned subsidiary of FCPL.

The company was founded by Nitin Gupta, Viraj Tyagi, and Amit Arora, all of whom are ex-bankers with significant entrepreneurial and global financial services experience. Fintable offers unsecured personal loans of up to ₹10 lakh and caters completely to salaried professionals. Apart from lending through its NBFC, Fintable also undertakes co-lending with partner NBFCs.

As on June 30, 2025, FCPL reported an overall AUM of ₹2924.25 crore. The NBFC's own loan book portfolio stood at ₹405.76 crore as on June 30, 2025.

Brief Financials (₹ crore)- Consolidated	March 31, 2024 (A)	March 31, 2025 (A)	June 30, 2025 (UA)
Total income	183.00	278.49	96.37
PAT	-5.81	6.74	13.52
Interest coverage (times)	NM	1.34	2.44
Total Assets	156.19	532.49	638.19
Net NPA (%)	1.10	0.04	0.06
ROTA (%)	-0.38	0.27	1.75*

A: Audited UA: Unaudited; NM: Not meaningful, Note: these are latest available financial results \*Annualised

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non Convertible Debentures	Proposed	-	-	-	25.00	CARE BBB+; Stable
Fund-based - LT-Term Loan	Proposed	-	-	-	150.00	CARE BBB+; Stable

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	150.00	CARE BBB+; Stable				
2	Debentures-Non Convertible Debentures	LT	25.00	CARE BBB+; Stable				

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple
2	Fund-based - LT-Term Loan	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Annexure-6: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Finnable Technologies Private Limited	Full	Subsidiary

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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