NABKISAN Finance Limited (Revised)

September 18, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	6,500.00	CARE AAA; Stable	Assigned
Non-convertible debentures	SEBI	250.00	CARE AAA; Stable	Assigned
Non-convertible debentures	SEBI	1,000.00	CARE AAA; Stable	Assigned
Tier II bonds	SEBI	500.00	CARE AAA; Stable	Reaffirmed
Commercial paper	RBI	250.00	CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings reaffirmed and assigned to bank facilities and debt instruments of NABKISAN Finance Limited (NABKISAN) continues to be driven by its strong parentage of National Bank for Agriculture and Rural Development (NABARD) and strategic role in supporting agriculture and rural livelihoods through credit to farmer producer organisations (FPOs), agri-startups, non-banking financial companies (NBFCs), and microfinance institutions (MFIs). The completed merger of NABSAMRUDDHI Finance Limited (NABSAMRUDDHI) with NABKISAN in FY26 strengthened the company's scale of operations, expanded its product offerings, and improved portfolio diversification across agriculture, micro, small and medium enterprise (MSME), microfinance, housing, renewable energy, and water, sanitation and hygiene (WASH) financing. Post-merger, the combined entity has assets under management (AUM) of ₹7,066 crore and a tangible net worth (TNW) of ₹1,011 crore as of FY26.

As a subsidiary of NABARD, NABKISAN continues to benefit from NABARD's capital, operational, and managerial support, including board representation that ensures alignment with its strategic objectives. This support was further demonstrated through the successful completion of rights issue of ~₹301.46 crore on August 12, 2026, strengthening the company's capital base and supporting future business growth.

The rating also factors in NABKISAN's adequate profitability and capitalisation metrics, and its comfortable asset quality. However, these strengths are tempered by the company's moderate scale of operations and concentrated exposure profile.

CARE Ratings Limited (CareEdge Ratings) also notes that NABKISAN's exposure to agriculture and FPO segments remain susceptible to risks arising from sectoral cyclicality, limited cash flow buffers, and relatively early-stage nature of many FPOs. The company's exposure to this segment remains limited, accounting for only 2.85% of the overall portfolio, mitigating associated risks to a large extent.

Rating sensitivities: Factors likely to lead to rating actions

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

- Not applicable

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

- Deterioration in credit profile of the parent, NABARD.
- Dilution in stake of NABARD below 51% or dilution in expected support from, and strategic importance to NABARD.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Analytical approach: Standalone

CareEdge Ratings has adopted standalone approach for analysing NABKISAN, while factoring linkages with NABARD for its strong parentage, operational, financial and managerial support.

Outlook: Stable

Stable outlook factors in CareEdge Ratings' expectation that NABKISAN will continue to receive need-based support from NABARD, will profitably scale up its portfolio while maintaining comfortable capitalisation and asset quality.

Detailed description of key rating drivers

Key strengths

Strong parentage and strategic role in development of agriculture and rural sector

Established in 1997, NABKISAN, a subsidiary of NABARD, plays a strategic role in furthering NABARD's mandate of promoting rural livelihoods through wholesale lending to FPOs, agri-startups, agri-based corporates, NBFCs, and MFIs. NABARD is India's apex development financial institution for the agriculture and rural sector, with an Advances of ₹9,32,549 crore, total assets of ₹10,98,318 crore, and a TNW of ₹88,793 crore as on March 31, 2026.

NABSAMRUDDHI's merger further strengthened and diversified NABKISAN's portfolio, with the company now having exposure to housing finance, renewable energy, and WASH-related financing in addition to its traditional agriculture-focused lending segments. Through this, NABKISAN facilitates access to finance for grassroots entities engaged in agriculture and allied sectors. NABKISAN benefits from a strong multi-layered support structure from NABARD, which includes a significant equity holding of 90.12% (increased from 89.12% after enhancement), access to on-call refinance facilities, and capital support via catalytic capital funds for agri startups and innovation. The company also avails credit guarantee coverage through NABSANRAKSHAN, a fellow NABARD subsidiary, and in coordination across state governments. In addition to financial support, NABKISAN derives substantial managerial and operational backing from NABARD. Key leadership positions, including Managing Director & Chief Executive Officer, Chief Financial Officer positions, are held by officers deputed from NABARD. Presence of NABARD's nominee director and representation on NABKISAN's Board of Directors ensures strategic oversight, alignment with policy objectives, and continuity in governance. Operational synergies between NABKISAN and NABARD are further enhanced through shared infrastructure on arm length basis, policy coordination, and joint implementation of government and state-level FPO financing programs. NABKISAN's lending to NBFCs and MFIs serving rural and micro-borrowers currently not fully served through parent entity, complementing NABARD's developmental mandate and extending outreach to underserved segments. Given NABKISAN's integral role in executing NABARD's rural credit and development agenda, CareEdge Ratings believes NABARD will continue to extend financial and managerial support in a timely manner, maintaining strategic control and oversight over NABKISAN.

Adequate capitalisation metrics

NABKISAN continues to maintain healthy capitalisation, reflected in its TNW of ₹1,011 crore as on March 31, 2026, compared to ₹881 crore as on March 31, 2025. As on June 30, 2026, the company reported a TNW at ₹1042 crore. The company benefits from access to on-call refinance facilities from its parent, NABARD which constituted 87.70% of its borrowing profile as on March 31, 2026. While the borrowing profile largely depends on NABARD, NABKISAN has initiated measures to diversify its resource base. In this regard, the company secured a working capital line from a public sector bank in April 2025 and subsequently issued Tier II non-convertible debentures (NCDs) in February 2026.

As on March 31, 2026, the company reported a gearing ratio of 6.07x, compared to 4.92x a year earlier. The gearing ratio moderated to 5.53x as of June 30, 2026. To support future growth and maintain adequate leverage, the company has completed ₹301.46 crore rights issue improving its capitalisation metrics. The company also maintains a comfortable capital adequacy position, with a capital adequacy ratio (CAR) of 22.26% as on March 31, 2026 (18.11% as on March 31, 2025) and 22.80% as on June 30, 2026.

CareEdge Ratings expects timely and need-based capital support from NABARD, going forward leverage is expected to remain in the range of 5-6x levels.

Adequate profitability metrics

The company's earnings profile remains stable and adequate, supported by portfolio growth, interest spreads, and internal accruals. In FY26, the company reported a profit after tax (PAT) of ₹132 crore on a total income of ₹545 crore, compared to ₹126 crore and ₹472 crore, respectively, in FY25. Profitability remained moderated due to decrease in net interest margin (NIM), as the company reduced exposure to high yield MFI loans. Operating efficiency improved, with operating expenses as a percentage

of average total assets (ATA) at 0.45% (0.52% in FY25) due to economies of scale post-merger. Credit costs remained stable at 0.05% (FY25: -0.04%) majorly due to the reversal of expected credit loss (ECL) provisions created in earlier years based on historical portfolio performance and risk assessment.

Consequently, the company reported a return on total assets (ROTA) of 2.09% and a return on net worth (RONW) of 13.90% in FY26, compared to 2.57% and 15.34%, respectively, in FY25. In Q1FY27, the company reported a PAT of ₹31 crore. In the same period, the ROTA and RONW was 1.74% and 11.95%, impacted by higher provisions made against incremental non-performing assets (NPAs).

Going forward, the company's ability to maintain and enhance profitability while scaling up its portfolio and managing operating costs and asset quality will remain a key monitorable.

Comfortable asset quality, susceptible to inherent risk associated in FPO lending

NABKISAN's asset quality has shown improvement, with gross stage III assets (GS3) assets declining to 0.85% as on March 31, 2026, compared to 0.86% as on March 31, 2025 (Pre-merger: March 31, 2025: 1.31%; March 31, 2024: 2.00%). NABKISAN reported net stage III (NS3) assets at 0.27% as on March 31, 2026 (0.25% as on March 31, 2025). Improvement reflects better portfolio performance and continued risk management efforts.

As on June 30, 2026, the GS3 assets stood at 0.94%, and NS3 assets stood at 0.37%. These exposures are partially de-risked through a credit guarantee mechanism administered by NABSanrakshan Trustee Private Limited (a NABARD subsidiary), which provides government-backed coverage of up to 85% of the loan amount, subject to a cap of ₹2 crore per eligible FPO loan. Loan book is also covered under guarantee funds from Tamil Nadu Government and Odisha Governments.

However, the company's exposure to the agriculture and FPO segment remains susceptible to risks stemming from sectoral cyclicality, limited cash flow buffers, and early-stage nature of many FPOs. As NABKISAN continues to expand its FPO loan book, maintaining asset quality at scale will remain a key monitorable from a credit perspective.

Key weaknesses

Moderate scale of operations with concentrated exposures

NABKISAN focuses on its book building strategy and lends to NBFCs and MFIs, which are not catered to by NABARD directly. These bulk lending to NBFCs or MFIs is for MSME financing, green financing, agriculture financing, WASH Financing and other under penetrated segments. The company's AUM demonstrated a significant growth trajectory, with AUM of ₹7,066 crore as on March 31, 2026. Growth in the company's operations was also partially driven by the merger, which resulted in higher disbursements, an expanded product portfolio, and enhanced geographic reach.

However, the portfolio continues to exhibit concentration risk with top 25 exposures accounting for 55.65% of total exposures as on March 31, 2026, against 49.71% as on March 31, 2025. Top exposure accounted for 3.04% of the loan book and 19.95% of TNW, reflecting concentration risk. The company's portfolio remains skewed towards the bulk lending segment, with refinance to NBFCs and MFIs forming the dominant share at 87.18%. This is followed by pass-through certificates (PTCs; 6.17%), direct lending to FPO (2.85%), direct assignment (2.62%) lending to agri-corporates (0.65%), on lending to PO (0.28%), and activity-based financing through non-government organisations (NGOs), Trusts, and Section 8 Companies (0.25%).

Going forward, NABKISAN aims to rebalance its portfolio by gradually reducing exposure to the bulk lending segment and increasing direct lending through co-lending partnerships and greater focus on FPO and Agri Value Chain financing. This strategic shift is expected to enhance portfolio diversification and improve development impact.

CareEdge Ratings notes that concentration risk is partly mitigated by relatively lower credit risk associated with the on-lending portfolio in contrast to direct lending to FPOs or agri-startups.

Liquidity: Strong

NABKISAN's liquidity profile remains strong, supported by the structural characteristics of its portfolio and access to stable funding lines. A significant portion of its loan book comprises refinance lending with an average tenure of around three years, which is predominantly funded through corresponding refinance lines from NABARD (NABARD constitutes 87.70% of total company debt), resulting in a well-matched asset-liability profile.

The asset and liability management (ALM) statement as on March 31, 2026, exhibited no cumulative mismatches. As on March 31, 2026, cash and bank balances, which included investments in fixed deposits, stood at ₹211 crore. Scheduled collections for the next six months stood at ₹1469 crore, against scheduled debt obligations for the same period of ₹1451 crore. Liquidity comfort is derived from the parentage of NABARD, with on call refinancing facilities and access to need-based financial support. This institutional backing significantly enhances NABKISAN's financial flexibility and ability to meet short-term obligations.

Applicable criteria

Definition of Default
Factoring Linkages Parent Sub JV Group
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Non Banking Financial Companies
Rating of Short Term Instruments

About the company and industry

Industry classification

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

NABKISAN (formerly known as "Agri Development Finance (Tamil Nadu) Limited") was incorporated under the Companies Act, 1956 on February 14, 1997. It is a subsidiary of NABARD with equity participation from NABARD, Government of Tamil Nadu and several other institutions including, Indian Bank, Indian Overseas Bank, Tamilnad Mercantile Bank, Canara Bank, ICICI Bank, Federal Bank, and DBS Bank India Limited among others. As part of its strategic growth and consolidation efforts, NABSAMRUDDHI was merged with NABKISAN on December 16, 2025, forming a single entity with an expanded presence in rural and developmental finance.

Its core mandate is to provide credit for the promotion, expansion, and commercialisation of enterprises engaged in agriculture, allied activities, and rural non-farm sectors. In their bulk lending segment, NABKISAN focusses on lending to NBFCs lending in rural areas and supporting agricultural activities, FPOs and to agriculture and allied activities, value chain financing, MSMEs for income generating activities.

Standalone Financials of NABKISAN:

Brief Financials (₹ crore)	March 31, 2025	March 31, 2026	Q1FY27
	A	A	UA
Total income	472	545	173
Profit after tax (PAT)	126	132	31
Assets under management (AUM)	5,128	7,066	6,852
On-book gearing (x)	4.92	6.07	5.53
AUM/tangible net worth (TNW) (x)	5.82	6.99	6.57
Gross non-performing assets (NPA) / gross stage 3 (%)	0.86	0.85	0.94
Return on managed assets (ROMA) (%)	2.57	2.09	1.74*
Capital adequacy ratio (CAR) (%)	18.11	22.26	22.80

A: Audited UA: Unaudited; Note: these are latest financial results available; Figures are for merged entity
*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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Bonds-Tier II Bonds	SEBI	Complex	INE165U08016	06-02-2026	7.80%	06-02-2036	500.00	CARE AAA; Stable
Commercial Paper-Commercial Paper (Standalone)	RBI	Simple	proposed	-	-	-	250.00	CARE A1+
Debentures-Non Convertible Debentures*	SEBI	Simple	proposed	-	-	-	250.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	SEBI	Complex	proposed	-	-	-	1000.00	CARE AAA; Stable
Fund-based - LT-Term Loan	RBI	Simple	-	-	-	31-03-2031	6500.00	CARE AAA; Stable

*This pertains to social bond (WASH) issuance

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 2026-2027	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
1	Bonds-Tier II Bonds	LT	500.00	CARE AAA; Stable	1)CARE AAA; Stable (19-Aug-26)	1)CARE AAA; Stable (20-Aug-25)	-	-

2	Debentures-Non Convertible Debentures	LT	250.00	CARE AAA; Stable	-	-	-	-
3	Debentures-Non Convertible Debentures	LT	1000.00	CARE AAA; Stable	-	-	-	-
4	Commercial Paper-Commercial Paper (Standalone)	ST	250.00	CARE A1+	-	-	-	-
5	Fund-based - LT-Term Loan	LT	6500.00	CARE AAA; Stable	-	-	-	-

LT: Long term; ST: Short term

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

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

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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About us:

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