June 27, 2025

Kaabil Finance Private Limited: Rating confirmed as final for PTCs backed by secured business loan receivables issued by LoanX Kalmia Apr 2025

Summary of rating action

Trust name	Instrument*	Rated amount (Rs. crore)	Rating action
LoanX Kalmia Apr 2025	Series A1 PTCs	11.01	[ICRA]A(SO); provisional rating confirmed as final

**Instrument details are provided in Annexure I*

Rationale

In May 2025, ICRA had assigned a Provisional [ICRA]A(SO) rating to the pass-through certificates issued by LoanX Kalmia Apr 2025. The Series A1 PTCs are backed by a pool of secured business loan receivables originated by Kaabil Finance Private Limited (KFPL/Originator) with an aggregate principal outstanding of Rs. 13.10 crore (pool receivables of Rs. 23.47 crore).

Since the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said rating has now been confirmed as final. KFPL is the servicer of the rated transaction.

Pool performance summary

Parameter	LoanX Kalmia Apr 2025
First payout	May 2025
Months post securitisation	1
Pool amortisation	2.44%
Series A1 PTC amortisation	7.29%
Cumulative prepayment rate	0.47%
Cumulative collection efficiency[1]	98.88%
Loss-cum-0+ dpd[2]	2.46%
Loss-cum-30+ dpd[3]	0.00%
Loss-cum-90+ dpd[4]	0.00%
Cumulative cash collateral utilisation	0.00%

[1] *(Cumulative current and overdue collections till date)/Cumulative billing till date*

[2] *Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 0 days, as a % of Initial pool principal*

[3] *Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 30 days, as a % of Initial pool principal*

[4] *Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal*

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. The residual cash flows from the pool, after meeting the promised and expected payouts, will be used for the prepayment of Series A1 PTC principal. Any prepayment in the pool would be used for the prepayment of Series A1 PTC principal.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 5.00% of the initial pool principal, amounting to Rs. 0.66 crore, provided by the Originator, (ii) principal subordination of 16.00% of the initial pool principal for PTC Series A1, and (iii) the excess interest spread (EIS) of 66.06% of the initial pool principal for Series A1 PTCs.

Key rating drivers and their description

Credit strengths

Granular pool supported by availability of credit enhancement – The pool is granular, consisting of 446 obligors, with the top 10 obligors accounting for 7.11% of the pool principal as on the cut-off date, thereby reducing the exposure to any single borrower.

No overdue contracts in the pool – The pool has been filtered in such a manner that there were no overdue contracts as on the cut-off date. Further, all the contracts in the pool have never been delinquent in the past, which is a credit positive.

Contracts backed by self-occupied residential properties – The entire pool is backed by self-occupied residential properties. This is expected to support the quality of the pool as it has been observed that borrowers tend to prioritise repayments towards such loans even during financial stress.

Credit challenges

Limited track record of servicing capability – KFPL is in a nascent stage of operations. Although it started operations in FY2017, disbursements picked up from FY2023. Thus, the company is yet to establish a long vintage of servicing loans.

High geographical concentration – The pool has high geographical concentration with a single state, viz. Rajasthan, contributing ~100% to the principal amount. The pool's performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

Risks associated with lending business – The pool's performance would remain exposed to macro-economic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans.

Key rating assumptions

ICRA's cash flow modelling for the rating of securitisation transactions involves the simulation of potential losses, delinquencies and prepayment in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator's loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting collections from the pool, after incorporating the impact of the losses and prepayments, are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction.

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 5.75% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 7.2% to 27.0% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the credit enhancement to arrive at the final rating for the instrument.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	LoanX Kalmia Apr 2025
Originator	Kaabil Finance Private Limited
Servicer	Kaabil Finance Private Limited
Trustee	Axis Trustee Services Limited
CC holding bank	AU Small Finance Bank
Collection and payout account bank	ICICI Bank

Liquidity position: Superior

The liquidity for Series A1 PTCs is superior after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be more than 10 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and an increase in the cover available for future investor payouts from the credit enhancement would result in a rating upgrade.

Negative factors – The sustained weak collection performance of the underlying pool of contracts (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the servicer (KFPL) could also exert pressure on the rating.

Analytical approach

The rating action is based on the trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for Securitisation Transactions
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the originator

Kaabil Finance Private Limited operates in the secured micro, small and medium enterprise (MSME) segment across India's tier 3/4/5+ towns. As a dedicated non-deposit taking non-banking financial company (NBFC), it specialises in providing secured business loans, particularly focussing on loan against property (LAP), tailored to meet the unique needs of small shopkeepers, vendors, and nano-entrepreneurs in rural India. KFPL commenced operations in 2017, providing secured business loans with a typical ticket size of Rs. 2-10 lakh and an average ticket size of Rs. 3-3.5 lakh. Its loans are predominantly backed by self-occupied residential properties. As on December 31, 2024, the company had more than 72 branches across 29 districts in Rajasthan.

Key financial indicators

Kaabil Finance Private Limited	FY2023 (audited)	FY2024 (audited)	FY2025 (unaudited)
Total income	15.73	30.49	59.0
Profit after tax	2.08	2.29	2.7
Total managed assets	63	135	265
Gross NPA	4.5	6.6	5.0
CRAR	50.47	31.01	NA

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust name	Current rating (FY2026)				Chronology of rating history for the past 3 years		
	Instrument	Amount rated (Rs. crore)	Date & rating in FY2026		Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
			June 27, 2025	May 09, 2025	-	-	-
LoanX Kalmia Apr 2025	Series A1 PTCs	11.01	**[ICRA]A(SO)**	**Provisional [ICRA]A(SO)**	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 PTCs	Moderately Complex

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

Trust name	Instrument	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Current rating
LoanX Kalmia Apr 2025	Series A1 PTCs	May 02, 2025	12.50%	September 28, 2031	11.01	[ICRA]A(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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