

October 03, 2025

## Progfin Private Limited: Provisional [ICRA]A1+(SO) assigned to Series A1 PTC to be issued by Twix 09 2025

### Summary of rating action

Trust Name	Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Twix 09 2025	Series A1 PTC	24.26	Provisional [ICRA]A1+(SO); Assigned

\*Instrument details are provided in Annexure I

Rating in the absence of pending actions/documents	No rating would have been assigned as it would not be meaningful
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### Rationale

The pass-through certificates (PTCs) are backed by a pool of invoice financing receivables originated by Progfin Private Limited {Progfin/Originator, rated [ICRA]BBB+(Stable)/[ICRA]A2} with an aggregate principal outstanding of Rs. 28.21 crore (pool receivables of Rs. 30.71 crore). Progfin would be acting as the servicer for the transaction.

The provisional rating is based on the strength of the cash flows from the selected pool of contracts, eligibility criteria for the follow-on pools, the credit enhancement available in the structure as well as the integrity of the legal structure. The rating is subject to the fulfilment of all the conditions under the structure and ICRA's review of the documentation pertaining to the transaction.

### Transaction structure

As per the transaction structure, the tenure of the pool shall be divided into two periods – replenishment period and amortisation period.

#### Replenishment period

The replenishment period will be for 152 days from the transaction settlement date. During this period, Series A1 PTC investors will receive only the promised interest payouts on a monthly basis and 20% of the principal amounts collected. The balance pool collections will be used by the trust to purchase fresh loan receivables as per the selection criteria such that the pool principal remains equal to the initial pool principal. The remaining cashflows would be passed on to the originator only if equity tranche<sup>1</sup> is not less than the initial equity tranche.

The transaction also entails certain trigger events for early amortisation. A breach of any of these trigger events would lead to the end of the replenishment period and the start of the amortisation period. If a trigger event occurs at any time during the replenishment period, then the tenure of the PTCs shall be reduced and be co-terminus with the remaining tenure of the pool of receivables assigned to the trust.

#### Amortisation period

Post the replenishment period, the residual pool collections will be utilised to repay Series A1 PTC. The monthly cash flow schedule will comprise of the promised interest payout for Series A1 PTC. The principal for Series A1 PTC is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. Any surplus excess interest

<sup>1</sup> Equity Tranche on any date will be calculated as the Ratio of the Sum of Principal Receivables Balance and Cash in Collection and Payment Account to the Outstanding Series A1 PTC Balance

spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. 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 aggregate amount, i.e. Rs. 1.41 crore, to be provided by the Originator, (ii) principal subordination of 14.00% of the initial pool principal for Series A1 PTC in form of an equity tranche and (iii) the entire excess interest spread (EIS) in the structure.

### Key eligibility criteria for the receivables

The key eligibility criteria shall be met on commencement of the transaction and also at each replenishment event for all the new assets being added as well as for the updated pool (as applicable)

- Facilities to have a CIBIL of CMR 1 to CMR 6
- Facilities to be nil dpd on the date of replenishment
- Pool Contribution from a Single Dealer to be restricted to 4.00% of the aggregate principal amounts outstanding at the time of replenishment (exceptional on account of natural rundown).
- Pool Contribution from Top 10 Dealer to be restricted to 30% of the aggregate principal amounts outstanding at the time of replenishment.
- No borrower has peak dpd greater than 30 days during the vintage with Progfin.
- At least 30% of the pool principal should be from borrowers with peak dpd of zero at the time of replenishment.
- No Obligor has 30+ Day Past Due (DPD) in the past (calculated from the Cut-off Date under the relevant Deed of Assignment).
- All invoices forming part of the pool are accepted invoices of the Obligors.
- The Receivables pertain to the "Dealer Financing Program" (described in the Transaction Documents) product of the Seller.
- The balance tenor of the Follow-on Receivables should not be more than 120 days.
- The residual maturity for all the Follow – on Receivables to end at least 90 days before the legal final maturity date.
- State wise concertation should not be more than 25%

### Key trigger events for early amortisation

The following key early amortisation triggers which will lead to end of amortisation period:

- downgrade in the rating of the PTCs by the Rating Agency;
- failure to provide any instance of the Follow-on Receivables that comply with the eligibility criteria set out below such that the new/follow-on receivables provided are less than 70% of the Accumulated Amounts on any Payout Date,
- the capital adequacy ratio of the Seller falls below 20% (Twenty Percent);
- more than 5.00% of the outstanding principal amounts due under the Loans forming part of the Identified Receivables have a days past due (DPD) of more than 15 days (commencing from their respective due dates, and which includes any respective cure periods specified in the relevant Underlying Documents).
- Cumulative Collection Efficiency (including prepayments) in respect of the pool is less than 95% for any 2 consecutive payouts.
- if Cash Collateral is drawn upon and utilised to make payment in respect of Series A1 Yield, during Replenishment Period

### Key rating drivers and their description

#### Credit strengths

**Granular pool supported by presence of credit enhancement** – The current pool is granular and basis the eligibility criteria the follow-on pools are also expected to be granular with no obligor exceeding 4.0% of the pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC, subordination and EIS would absorb some amount of the losses in the pool and provide support in meeting the PTC payouts.

**Adequate servicing capability of the originator** – The originator has adequate processes for servicing of the loan accounts in the securitised pool. It has an adequate track record of nearly three years of regular collections across multiple geographies.

### Credit challenges

**Moderate pool selection criteria** – A potential concern pertaining to a replenishing structure is the uncertainty regarding the exact composition of the additional receivables. While the current transaction has a specified eligibility criteria the follow-on pools may have a lower interest rate contracts, contracts from weaker geographies and moderate share of lower bureau score contracts. A higher presence of lower interest rates contracts would impact the excess interest spread adversely, which acts as a credit enhancement in the structure.

**Risks associated with lending business** – The performance of both the initial and the follow-on pools 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. Both the initial and the follow-on pools are exposed to the inherent credit risk associated with the unsecured nature of the asset class and that recovery from delinquent contracts tends to be lower.

### Key rating assumptions

ICRA's cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayments 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 based on 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. However, since the pool in the current transaction would be revised during the replenishment period, the characteristics of the pool would change unlike other PTC transactions where the pool is static. ICRA has used the defined eligibility criteria to arrive at a potential loss for the follow-on pools. The resulting collections from the current pool and follow on pools, 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 transaction, ICRA has estimated the shortfall in the pool principal collection during its tenure at 6.00% of the initial pool principal with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 5% to 12% 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.

### Liquidity position: Strong

The liquidity for Series A1 PTC is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~3.5 times the estimated loss in the pool.

### Rating sensitivities

**Positive factors** – Not applicable

**Negative factors** – The rating could be downgraded on the occurrence of a trigger event, non-adherence to the key transaction terms and deterioration in the performance of the follow-on pools such that the delinquencies during the amortisation period are higher than expected. Weakening in the credit profile of the servicer (Progfin) could also exert pressure on the rating.

## Analytical approach

The rating action is based on the analysis of the performance of Progfin's portfolio till June 2025, the key characteristics and composition of the current pool, the eligibility criteria for follow-on pools, the performance expected over the balance tenure of the pools, and the credit enhancement cover available in the transaction.

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Rating Methodology for Securitisation Transactions</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

## Pending actions/documents required to be completed for conversion of the provisional rating into final

The assigned rating is provisional and would be converted into final upon the execution of:

1. Trust Deed
2. First Deed of Assignment – Initial Receivables
3. Servicing Agreement
4. Accounts Agreement
5. Power of Attorney
6. Legal opinion
7. Trustee letter
8. Any other documents executed for the transaction

## Validity of the provisional rating

The trust is expected to complete the pending actions/execute the pending documents in the near term. However, in case of continued pendency of the actions/documents beyond one year of this publication, the provisional rating would be withdrawn for the transaction even if the instrument has been issued.

## Risks associated with the provisional rating

In case the issuance is completed, but the pending actions/documents are not completed for the transaction within one year (validity period) from the assignment of the rating, the provisional rating will be withdrawn in accordance with ICRA's Policy on Provisional Ratings available at [www.icra.in](http://www.icra.in).

## About the Originator

Progcap was founded by Ms. Pallavi Shrivastava and Mr. Himanshu Chandra under Desiderata Impact Ventures Pvt. Ltd (DIV) in FY2017 as a digital lending platform for engagement between retailers/distributors and financiers. In September 2022, DIV acquired Hytone Holdings Pvt Ltd, renaming it Progfin Private Limited, and commenced lending operations in October 2022, sourcing borrowers through the Progcap platform. Progfin is a wholly-owned subsidiary of DIV. It provides anchor-led supply chain financing and working capital term loans across multiple industries, including two-wheelers, agri inputs, white goods, FMCGs and emerging brands.

On a standalone basis, Progfin reported a profit after tax (PAT) of Rs. 12 crore on total income of Rs. 258 crore in FY2025 compared to Rs. 3 crore and Rs. 109 crore, respectively, in FY2024. The PAT for the quarter ended June 30, 2025 stood at Rs. 5 crore on total income of Rs. 80 crore. The AUM stood at Rs. 1,640 crore as on June 30, 2025, comprising dealer financing (70%) and working capital term loans (30%).

Progfin Private Limited (standalone)	FY2024	FY2025	Q1 FY2026
	Audited	Audited	Prov.
<b>Total income</b>	109	258	80
<b>Profit after tax</b>	3	12	5
<b>Total managed assets</b>	1,215	2,133	1,920
<b>CRAR*</b>	45.2%	40.3%	41.5%
<b>GNPA/Gross stage 3*</b>	1.5%	1.1%	1.9%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; \* CRAR and asset quality indicators pertain to Progfin; Managed gearing = (Borrowings + Off-balance sheet advances)/Net worth; Total managed assets = Total assets + Impairment loss allowance on gross loans + Off-balance sheet advances

**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
			October 03, 2025			
<b>Twix 09 2025</b>	Series A1 PTC	24.26	Provisional [ICRA]A1+(SO)	-	-	-

### Complexity level of the rated instrument

Instrument	Complexity Indicator
Series A1 PTC	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 Type	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Current Rated Amount (Rs. crore)	Current Rating
Twix 09 2025	Series A1 PTC	September 30, 2025	10.90%	August 19, 2026	24.26	Provisional [ICRA]A1+(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.

For more information, visit [www.icra.in](http://www.icra.in)

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