

November 26, 2025

Kaabil Finance Private Limited: [ICRA]BBB- (Stable) Reaffirmed and assigned for Rs. 31-crore NCD programme

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term others – Fund based	150.00	150.00	[ICRA]BBB- (Stable); reaffirmed
NCD programme	-	31.00	[ICRA]BBB- (Stable); assigned
Total	150.00	181.00	

*Instrument details are provided in Annexure I

Rationale

The rating takes into consideration Kaabil Finance Private Limited's (KFPL) adequate capitalisation profile, supported by regular equity infusions. The company raised Rs. 33 crore in FY2025 (~Rs. 26 crore in FY2024), augmenting its net worth to Rs. 79 crore as on June 30, 2025 (Rs. 78 crore as of March 2025). Consequently, the company has been able to maintain its managed gearing at 3.9 times as on June 30, 2025 (3.4 times as on March 31, 2025), despite its high pace of growth. Given its nascent stage of operations, the company has been scaling-up its operations at a high pace (~97% growth in FY2025 and 60% YoY in H1 FY2026) and reported assets under management (AUM) of Rs. 311 crore as on September 30, 2025 (AUM of Rs. 306 crore as of August 2025). Considering its scale and internal generation as well as its high growth plans, KFPL will continue requiring equity infusions to maintain a prudent capitalisation profile. ICRA takes note of the company's plans to raise equity capital in the near term; same shall remain monitorable.

Given the high pace of growth and limited vintage, the seasoning of the loan book is low and the asset quality is yet to be established. ICRA takes note of the secured nature of KFPL's exposure with ~95% of the loans backed by self-occupied residential properties (SORP). The company's operations are geographically concentrated with a presence in only two states as of September 2025. While the company remains profitable with a provisional profit after tax (PAT) of ~Rs. 1 crore in Q1 FY2026 (~Rs. 3 crore in FY2025), elevated operating expenses keep the earnings profile subdued. ICRA expects KFPL's earnings profile to gradually improve as the company continues scaling-up its operations, if it is able to contain its credit costs.

The Stable outlook reflects ICRA's expectation that the company will continue to maintain an adequate capital profile and gradually improve its earnings profile as it scales-up its operations.

Key rating drivers and their description

Credit strengths

Adequate capitalisation profile, supported by regular equity infusions – Given the current scale of operations, the capitalisation profile is adequate characterised by a net worth of Rs. 79 crore, capital adequacy of 42.0% and a managed gearing of 3.9 times (reported gearing at 2.4 times) as on June 30, 2025. The company has raised ~Rs. 59 crore over the last two years (Rs. 33 crore in FY2025 and Rs. 26 crore in FY2024), which has aided in maintaining its capitalisation profile. Given its modest internal generation and, high growth plans, the company will continue requiring equity capital to maintain a prudent capitalisation profile. ICRA takes note of the company's plans to raise sizeable equity capital in the near term and the same shall remain monitorable.

Credit challenges

Modest scale and geographically concentrated operations – Since commencing operations in 2017, the company has achieved an AUM to Rs. 311 crore as on September 30, 2025 (AUM of Rs. 265 crore as of March 2025). Despite this progress, its operations remain modest. Correspondingly, it is geographically concentrated with operations largely focused on Rajasthan. The company started its operations in Uttar Pradesh in H1 FY2026 and plans to gradually expand its operations in the southern states. ICRA expects geographical diversity to gradually improve as it scales-up its operations.

Limited track record and relatively vulnerable borrower profile – The company has a limited track with majority of its AUM sourced over the last two years. Given the high pace of growth, portfolio seasoning is low and asset quality is yet to be established. Further, KFPL primarily caters to low and middle-income individuals and families, many of whom rely on informal or undocumented sources of income. This borrower segment tends to be more vulnerable to economic downturns, given their limited financial buffers to absorb external shocks. The company's 0+dpd and 90+dpd remains elevated at 17.5% and 5.0%, respectively, as on September 30, 2025 (19.4% and 5.3%, respectively, as on March 31, 2025), given that the company is gradually establishing its systems and processes, and target borrower segment. ICRA takes note of the steps taken by the company to improve its asset quality, including establishing a dedicated collections team and strengthening its processes. Nonetheless, given the secured nature of the portfolio (95% backed by SORP), ultimate losses are expected to be under control.

Modest profitability - KFPL has reported a provisional PAT of Rs. 0.8 crore in Q1 FY2026, translating into a return of 0.9% on average managed assets (AMA; Rs. 3.1 crore and 1.1%, respectively, in FY2025). The subdued earnings were on account of elevated operating expenses. ICRA expects a gradual improvement in the company's earnings profile as it continues to scale-up its operations and improve its operating efficiencies, if it can keep its credit costs under control.

Liquidity position: Adequate

As on August 31, 2025, the company held free cash and bank balances of ~Rs. 28 crore (~Rs. 21 crore as on October 31, 2025). Also, the company had unutilized overdraft limit against fixed deposit (FDOD) of ~Rs. 29 crore as of August 2025 (~Rs. 21 crore as of October 2025). As per the asset-liability management statement as on August 31, 2025, KFPL had scheduled inflows from advances of Rs. 39 crore against scheduled debt repayments of Rs. 94 crore from September 1, 2025 to August 31, 2026. The presence of ~Rs. 75 crore of sanctioned unutilised funding lines also support its liquidity profile. Factoring in the scheduled collections from advances, free on-book liquidity and undrawn lines, the liquidity profile is expected to remain adequate to meet the scheduled debt obligations in a timely manner.

ICRA notes that KFPL faces prepayment risk, given the breach of covenants, including financial, operating and rating-linked covenants. As per the data shared with ICRA, the company was in breach of covenants pertaining to term loan facilities amounting to Rs. 4.5 crore as on September 30, 2025. ICRA notes that KFPL has sought waiver from the lender and is yet to receive the same.

Rating sensitivities

Positive factors – A sustained improvement in the scale and earnings, while keeping credit costs under control, could positively impact the rating.

Negative factors – An increase in the managed gearing above 5 times on a continued basis or a stretch in the liquidity position could put pressure on the rating. Deterioration in the asset quality indicators, resulting in sustained pressure on profitability, could also negatively impact the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking Finance Companies (NBFCs)
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Kaabil Finance Private Limited (KFPL) is a non-banking finance company (NBFC) engaged in lending to micro, small and medium enterprises (MSME) against collateral. The company commenced operations in 2017, and extends secured business loans, particularly loan against property (LAP), tailored to meet the needs of small shopkeepers, vendors, and nano-entrepreneurs in rural and semi-urban areas of India. The company reported assets under management (AUM) of ~Rs. 306 crore as of August 2025 (~Rs. 311 crore as of September 2025), being managed through a network of 78 branches spread across Rajasthan and Uttar Pradesh.

Key financial indicators

KFPL	FY2024	FY2025	Q1 FY2026*
Total income	24.3	47.7	16.6
Profit after tax (PAT)	2.3	3.1	0.8
AUM	135	265	291
Return on average managed assets	1.7%	1.1%	0.9%
Gearing (times)	2.2	2.2	2.4
Managed gearing (times)	3.5	3.4	3.9
Capital-to-risk weighted assets ratio	49.0%	44.0%	42.0%
Gross NPA [^]	6.6%	5.0%	8.3%
Net NPA [^]	5.5%	3.9%	6.9%

Source: Company, ICRA Research; Amount in Rs. crore; *Provisional; Total managed assets = Total assets + off-book portfolio; Managed gearing = [(on-book borrowings + off-book portfolio)/net worth]; [^]Gross and net NPAs have been recognised at 90+ dpd as of June 2025, 120+dpd as of March 2025, 150+ dpd as of March 2024 and 180+ dpd as of March 2023; For FY2024 & FY2025, numbers have been updated as per audited financials

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	November 26, 2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based- Others	Long-term	150.00	[ICRA]BBB-(Stable)	Jul 21, 2025	[ICRA]BBB-(Stable)	-	-	-	-	-	-
NCD	Long-term	11.00	[ICRA]BBB-(Stable)	-	-	-	-	-	-	-	-
NCD	Long-term	20.00	[ICRA]BBB-(Stable)	-	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term others – Fund based	Simple
NCD Programme	Simple

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

ISIN	Instrument name	Date of issuance/Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term fund-based bank facilities programme	Feb 2025 to Sep 2025	15% to Repo + 6% p.a.	Sep 2027 to Feb 2028	35.00	[ICRA]BBB- (Stable)
NA	Long term others – Fund based	-	-	-	115.00	[ICRA]BBB- (Stable)
INE0P7307014	NCD*	Feb 10, 2025	15.50% p.a.	Nov 25, 2027	11.00	[ICRA]BBB- (Stable)
Yet to be issued	NCD	-	-	-	20.00	[ICRA]BBB- (Stable)

Source: Company; NA – Not applicable; *Put option at the end of 15th month from the date of allotment and quarterly thereafter

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Not applicable

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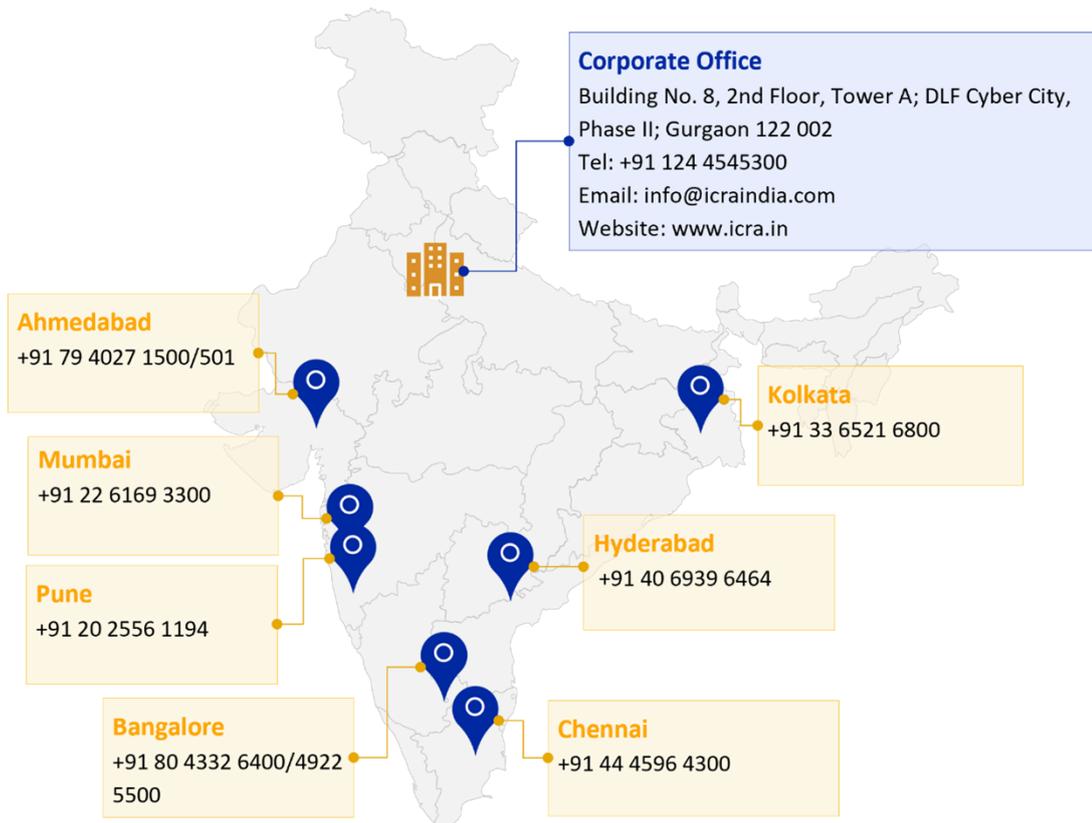
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