

February 05, 2026

Progfin Private Limited: Provisional [ICRA]A1+(SO) assigned to Series A1 PTC to be issued by Cerulean 01 2026

Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action
Cerulean 01 2026	Series A1 PTC	37.89	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. 44.06 crore (pool receivables of Rs. 45.48 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.

The replenishment period will be for 180 days from the transaction commencement date. During this period, all collections from Pool post payment of Series A1 PTC Interest shall be used by the Trust to purchase additional receivables from Originator as per the replenishment period waterfall for the month of the Pool. These additional receivables shall meet the same Eligibility Criteria as applicable for the receivables that were part of the underlying Pool at initiation of the transaction.

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 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. 2.20 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

Receivables comprising the Initial Receivables and each Follow-on Receivables shall be identified on the basis of criteria specified below:

- The Identified Receivables should be unencumbered;
- All Invoice raised in connection with Loans are 'Accepted Invoices' of the Obligor, and none of the Obligor are subject to pending disputes or legal proceedings with respect to Invoices;
- As on the Cut-off Date, there are no overdues in relation to any Loan and all Loans are classified as standard assets in the books of the Seller as per the norms specified by RBI;
- As on the Cut-off Date or Effective Date, the minimum vintage of the Seller with the respective Borrower is 2 (Two) repayment cycle as per RBI regulation;
- The balance tenor of the Identified Receivables is not more than 180 (One Hundred and Eighty) days. Further, none of the Identified Receivables assigned as part of replenishment to have due date beyond October 24, 2026.
- The borrowers/obligors should have CIBIL score of 700 or more;
- No borrower has peak dpd greater than 31 days during the vintage with Progin.
- Pool to contain at least 50 borrowers during the replenishment period.
- Top borrower concentration to be capped at 4%, the concentration of top 10 borrowers to be capped at 33% and the concentration of top 30 borrowers to be capped at 55%.
- Top State concentration in the pool to be capped at 16% of the initial pool principal.
- None of the obligors should be from FMCG or Mobile Sector (except smartphone manufacturers from Samsung, Oppo and Vivo)
- Cumulative POS of the borrower should not be greater than 2 crores

Key trigger events for early amortisation

The occurrence of any of 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 by a single notch;
- downgrade in the rating of the Servicer by the Rating Agency from the current level;
- occurrence of a Servicer's Event of Default as specified in the Servicing Agreement;
- more than 5% of the receivables are in overdue status for more than 15 days from the due date, calculated as on cut-off date for the replenishment pool;
- failure to provide sufficient new underlying exposures qualifying for the Eligibility Criteria.
- The capital adequacy ratio of the Seller falls below [20]% (Twenty Percent);
- Pool cover falling below 0.80x (i.e. during the Replenishment Period the follow-on pool purchased on each Purchase Date should not be less than 80% of the Principal collections + Prepayment collections received for that collection period).
- If the CC Facility is drawn even once during the tenure of the transaction
- Cumulative Collection Efficiency in respect of the pool is less than 95% for any 2 consecutive payouts

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 ~3.25 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 December 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	Rating Methodology for Securitisation Transactions

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. Assignment agreement
3. Power of Attorney
4. Legal opinion
5. Trustee Letter
6. Other key or important 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.

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 September 30, 2025 stood at ~Rs.4 crore on total income of Rs. 168 crore. The AUM stood at Rs. 2,119 crore as on September 30, 2025, comprising dealer financing (70%) and working capital term loans (30%).

Progfin Private Limited (standalone)	FY2024	FY2025	H1 FY2026
	Audited	Audited	Prov.
Total income	109	258	168
Profit after tax	3	12	4
Total managed assets	1,215	2,133	2,525
CRAR*	45.2%	40.3%	34.9%
GNPA/Gross stage 3*	1.5%	1.1%	1.6%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; * CRAR and asset quality indicators pertain to Progfin; 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
			February 05, 2026			
Cerulean 01 2026	Series A1 PTC	37.89	Provisional [ICRA]A1+(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Series A1 PTC	Highly 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
Cerulean 01 2026	Series A1 PTC	January 30, 2026	10.75%	January 24, 2027	37.89	Provisional [ICRA]A1+(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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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

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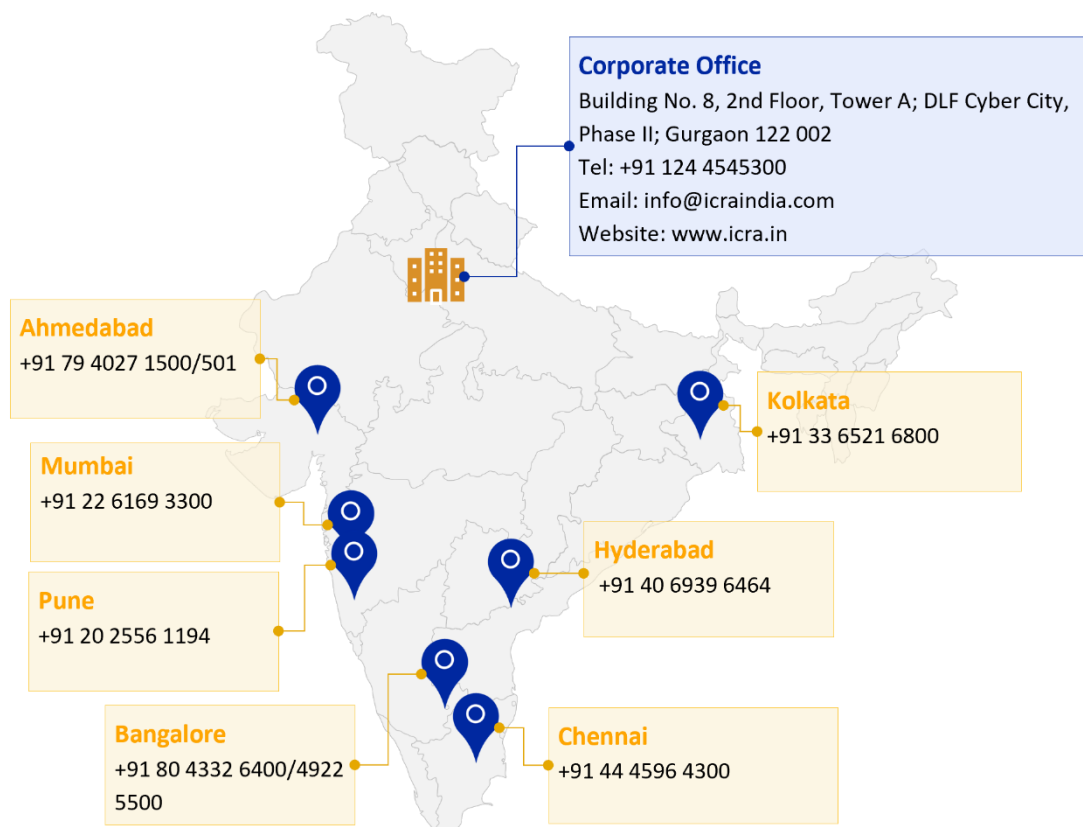


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