February 16, 2026

Progfin Private Limited: Rating confirmed as final for PTCs backed by invoice financing receivables to be issued by MARS 10 2025

Summary of rating action

Trust Name	Instrument*	Initial Rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
MARS 10 2025	Series A1 PTC	95.15	95.15	[ICRA]A+(SO); provisional rating confirmed as final

**Instrument details are provided in Annexure I*

Rationale

In October 2025, ICRA had assigned Provisional [ICRA]A+(SO) rating to the pass-through certificates (PTCs) issued by MARS 10 2025. The PTCs are backed by pool of invoice financing receivables originated by Progfin Private Limited {Progfin/Originator, rated [ICRA]BBB+ (Stable)} with an aggregate principal outstanding of Rs. 110.00 crore (pool receivables of Rs. 113.74 crore). Progfin would be acting as the servicer for the transaction.

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.

Pool performance summary

Parameter	MARS 10 2025
Payout month	January 2026
Months post securitisation	3
Pool amortisation	0.06%
PTC Series A1 amortisation	0.07%
Cumulative prepayment rate	>100%
Cumulative collection efficiency[1]	96.02%
Loss-cum-0+ days past due (dpd)[2]	2.55%
Loss-cum-30+ dpd[3]	0.34%
Loss-cum-90+ dpd[4]	0.00%
Cumulative cash collateral utilisation	0.00%

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

[1] *(Cumulative current collections and overdue collections)/(Cumulative billings + Opening overdues at the time of securitisation)*

[2] *Unbilled and overdue principal portion of delinquent contracts as a % of Initial pool principal*

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

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

The replenishment period will be for 12 months from the transaction settlement date. During this period, all collections from the pool, following the payment of the Series A1 PTC interest, shall be used by the trust to purchase additional receivables from the Originator as per the replenishment period waterfall for the pool. These additional receivables shall meet the same eligibility criteria as applicable for the receivables that were a part of the underlying pool at the 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 any time during the replenishment period, then the tenure of the PTCs shall be reduced and will be co-terminus with the remaining tenure of the pool of receivables assigned to the trust.

Amortisation period

After the replenishment period, the residual pool collections will be utilised to repay Series A1 PTC. The monthly cash flow schedule will comprise 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 the Series A1 PTC principal. The transaction has certain trigger events defined, on occurrence of which the residual cash flows would be passed on to Series A1 PTC investors till the triggers are in breach.

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. 5.50 crore, to be provided by the Originator, (ii) principal subordination of 13.50% of the initial pool principal for Series A1 PTC in the form of overcollateral, and (iii) the entire 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)

- The borrowers should have paid in full to the Issuer its obligations under atleast 2 invoices in the past prior to such Borrower being eligible as part of the pool
- No Facility is/shall be overdue as on the respective Pool Cutoff Date
- No Facility to have a tenor [Bill Due Date less funding date (date when Issuer funded the bill)] of more than 6 months • No Borrower to have been more than 30 days past due in the last 12 months with the Issuer
- No Borrower to have a aggregate outstanding in the pool greater than Rs. 25 Lakhs
- Top borrower concentration to be capped at 4%.
- All Borrowers to have Current CIBIL of >675. In the event of CIBIL not being available or CIBIL being lower following criteria to be met:
- For Borrowers with current CIBIL between 1 and 675: Vintage with Issuer to be greater than 12 months from cut off date and borrower current CIBIL should be greater than borrower's CIBIL score at time of onboarding with Issuer.
- For Borrowers with no current CIBIL hit as per scrub: Vintage with Issuer to be greater than 9 months from cut off date and borrower should have cumulative business with Issuer since inception of >Rs. 50 Lakhs.
- due date of the underlying loans of replenished pool should not be more than 31 March 2027
- At no point should loans where underlying sector is 2 Wheeler shall be greater than 45% of the outstanding pool
- At no point should loans where underlying sector is Mobiles shall be greater than 15% of the outstanding pool
- At no point should loans where underlying sector is other than Mobiles/2 Wheelers shall be greater than 20% of the outstanding pool.

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:

- Utilization of cash collateral to service Series A1 interest
- Rating downgrade of originator/servicer
- 15+ PAR on the outstanding pool breaches 5%

- Satisfaction of below conditions that will trigger Turbo Amortization Trigger
- PAR 15+ of the pool exceeds more than 8% of the Initial Pool as on payout date to be checked monthly
- Cumulative liquidity mismatch in any of the standard buckets (as prescribed the RBI) of the Servicer to be checked quarterly
- Capital Adequacy Ratio (CAR) of the Servicer (as reported to RBI) falls below 20% to be checked quarterly
- Net Non-Performing Loans of the Servicer exceeds 5%, where Net Non-Performing Loans = (PAR 90 + Restructured Troubled Loans – Total Provisions)/Asset under Management

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 to have an aggregate outstanding in the pool greater than Rs. 25 Lakhs, 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.

Details of key counterparties

The key counterparties in the rated transaction is as follows:

Transaction Name	MARS 10 2025
Originator	Progfin Private Limited
Servicer	Progfin Private Limited
Trustee	Catalyst Trusteeship Limited
CC holding bank	DCB Bank
Collection and payout account Bank	ICICI Bank Limited

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 – Since the principal amortisation would begin on the crystallisation of the final pool, the rating is unlikely to be upgraded till the final pool is crystallised. The rating could be upgraded basis the healthy collections observed in the final crystallised pool, leading to the build-up of the credit enhancement cover over the rated PTCs.

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 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

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

<table>
<tr><th rowspan="3">Trust Name</th><th colspan="4">Current Rating (FY2026)</th><th colspan="3">Chronology of Rating History for the Past 3 Years</th></tr>
<tr><th rowspan="2">Instrument</th><th rowspan="2">Amount Rated (Rs. crore)</th><th colspan="2">Date & Rating in FY2026</th><th>Date & Rating in FY2025</th><th>Date & Rating in FY2024</th><th>Date & Rating in FY2023</th></tr>
<tr><th>February 16, 2026</th><th>October 27, 2025</th><th>-</th><th>-</th><th>-</th></tr>
<tr><td>MARS 10 2025</td><td>Series A1 PTC</td><td>95.15</td><td>[ICRA]A+(SO)</td><td>Provisional [ICRA]A+(SO)</td><td>-</td><td>-</td><td>-</td></tr>
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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	Amount rated (Rs. crore)	Current Rating
MARS 10 2025	Series A1 PTC	October 17, 2025	11.00%	April 26, 2027	95.15	[ICRA]A+(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Manushree Saggar
+91 124 4545 316
manushrees@icraindia.com

Sachin Joglekar
+91 22 6114 3470
sachin.joglekar@icraindia.com

Gaurav Mashalkar
+91 22 6114 3431
gaurav.mashalkar@icraindia.com

Abhishek Jena
+91 22 6114 3432
abhishek.jena@icraindia.com

Akanksha Khanna
+91 124 4545 852
akanksha.khanna@icraindia.com

RELATIONSHIP CONTACT

Mr. L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

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

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches