

March 16, 2026

## Kaabil Finance Private Limited: [ICRA]BBB- (Stable) assigned to Rs. 60-crore NCD programme; rating reaffirmed

### 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	31.00	[ICRA]BBB- (Stable); reaffirmed
NCD Programme	-	60.00	[ICRA]BBB- (Stable); assigned
<b>Total</b>	<b>181.00</b>	<b>241.00</b>	

\*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. 81 crore as on December 31, 2025 (Rs. 78 crore as of March 2025). Consequently, it was able to maintain its managed gearing at 4.2 times as on December 31, 2025 (3.4 times as on March 31, 2025) despite its high pace of growth. Additionally, the company raised Rs. 13.1 crore through compulsorily convertible preference shares (CCPS) in January 2026, supporting its capitalisation profile. Given its nascent stage of operations, KFPL has been scaling up its operations at a high pace (~97% growth in FY2025 and 46% YoY in 9M FY2026) and reported assets under management (AUM) of Rs. 333 crore as on December 31, 2025 (Rs. 333 crore as of January 2026). Considering its modest scale and profitability and high growth plans, the company shall continue requiring equity capital to maintain a prudent capitalisation profile.

Given the company's limited track record of operations and high pace of growth, loan book seasoning is low and the asset quality is yet to be established. ICRA takes note of the secured nature of its exposure with ~95% of the loans backed by self-occupied residential properties (SORP). KFPL's operations are geographically concentrated with a presence in only two states as of January 2026. ICRA notes that the company has recently ventured into Karnataka and plans to commence operations in Andhra Pradesh in FY2027. While it remains profitable with a provisional profit after tax (PAT) of Rs. 3.2 crore in 9M FY2026 (Rs. 3.1 crore in FY2025), elevated operating expenses keep the earnings profile subdued. ICRA expects KFPL's earnings profile to gradually improve as it continues scaling up its operations, provided 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. 81 crore, capital adequacy of 36.1% and a managed gearing of 4.2 times (reported gearing of 2.8 times) as on December 31, 2025. The company raised Rs. 13.1-crore capital through CCPS in January 2026 and ~Rs. 59 crore over the last two years (Rs. 33 crore in FY2025 and Rs. 26 crore in FY2024), which has helped maintain its capitalisation profile. Given its modest profitability and high growth plans, KFPL shall continue requiring equity capital to maintain a prudent capitalisation profile. ICRA takes note of the company's plans to raise further 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 achieved an AUM of Rs. 333 crore as on January 31, 2026 (Rs. 265 crore as of March 2025). Despite this progress, its operations remain modest. Correspondingly, it is geographically concentrated with operations largely focussed on Rajasthan. KFPL commenced operations in Uttar Pradesh and Karnataka in FY2026 and plans to expand in the southern states. ICRA expects geographical diversity to improve gradually as it scales up its operations.

**Limited track record and relatively vulnerable borrower profile** – The company has a limited track with the majority of its AUM sourced over the last two years. Given the high pace of growth, portfolio seasoning is low and the 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 due to their limited financial buffers to absorb external shocks. The company's 0+ and 90+ days past due (dpd) remained high at 17.4% and 4.7%, respectively, as on December 31, 2025, given the target borrower segment and the gradual establishment of systems and processes. ICRA takes note of the steps taken by KFPL to improve its asset quality, including setting up a dedicated collections team and strengthening its processes. Nonetheless, ultimate losses are expected to be under control, given the secured nature of the portfolio (~95% backed by SORP).

**Modest profitability** – KFPL reported a provisional PAT of Rs. 3.2 crore in 9M FY2026, translating into a return of 1.1% on average managed assets (AMA; Rs. 3.1 crore and 1.1%, respectively, in FY2025). The subdued earnings performance was 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 efficiency, provided it is able to keep its credit costs under control.

## Liquidity position: Adequate

As on February 28, 2026, the company held a free cash and bank balance of ~Rs. 26 crore (~Rs. 14 crore as on January 31, 2026). As per the asset-liability management statement as on January 31, 2026, KFPL had scheduled inflows from advances of Rs. 81 crore against scheduled debt repayments of Rs. 124 crore during February 2026 to January 2027. The presence of ~Rs. 37 crore of sanctioned unutilised funding lines also supports its liquidity profile. Factoring in the expected collections from advances, free on-book liquidity and undrawn lines, the liquidity profile is expected to remain sufficient to meet the 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 data shared with ICRA, the company was in breach of covenants pertaining to term loan facilities amounting to Rs. 3.3 crore as on December 31, 2025. The management has conveyed that the aforementioned breach was rectified in January 2026, following the capital raise.

## 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	<a href="#">Non-banking Finance Companies (NBFCs)</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

## About the company

Kaabil Finance Private Limited (KFPL) is a non-banking financial company, which provides loans to micro, small and medium enterprises (MSMEs) against collateral. It 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. 333.3 crore as of January 2026, spread across a network of 78 branches in Rajasthan and Uttar Pradesh.

## Key financial indicators

KFPL	FY2024	FY2025	9M FY2026*
Total income	24.3	47.7	53.9
Profit after tax (PAT)	2.3	3.1	3.2
Total managed assets	191	352	431
Return on average managed assets	1.7%	1.1%	1.1%
Gearing (times)	2.2	2.2	2.8
Managed gearing (times)	3.5	3.4	4.2
Capital-to-risk weighted assets ratio	49.0%	44.0%	36.1%
Gross NPA^ (On-book)	6.6%	5.0%	7.1%
Net NPA^ (On-book)	5.5%	3.9%	5.6%

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 December 2025, 120+ dpd as of March 2025, 150+ dpd as of March 2024

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

Instrument	Current (FY2026)							Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	March 16, 2026	FY2026				FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating
<b>Fund-based others</b>	Long term	150.00	[ICRA]BBB- (Stable)	Nov 26, 2025	[ICRA]BBB- (Stable)	Jul 21, 2025	[ICRA]BBB- (Stable)	-	-	-	-	-	-
<b>NCD</b>	Long term	11.00	[ICRA]BBB- (Stable)	Nov 26, 2025	[ICRA]BBB- (Stable)	-	-	-	-	-	-	-	-
<b>NCD</b>	Long term	20.00	[ICRA]BBB- (Stable)	Nov 26, 2025	[ICRA]BBB- (Stable)	-	-	-	-	-	-	-	-
<b>NCD</b>	Long term	60.00	[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. to IDFC FIRST Bank 12 months MCLR + 2.4% spread p.a.p.m.	Sep 2027 to Feb 2028	75.00	[ICRA]BBB- (Stable)
NA	Long term others – Fund based	-	-	-	75.00	[ICRA]BBB- (Stable)
INE0P7307014	NCD*	Feb 10, 2025	15.50% p.a.	Nov 25, 2027	11.00	[ICRA]BBB- (Stable)

INE0P7307022	NCD	Dec 05, 2025	14.25% p.a.	Dec 04, 2027	20.00	[ICRA]BBB- (Stable)
Yet to be issued	NCD	-	-	-	60.00	[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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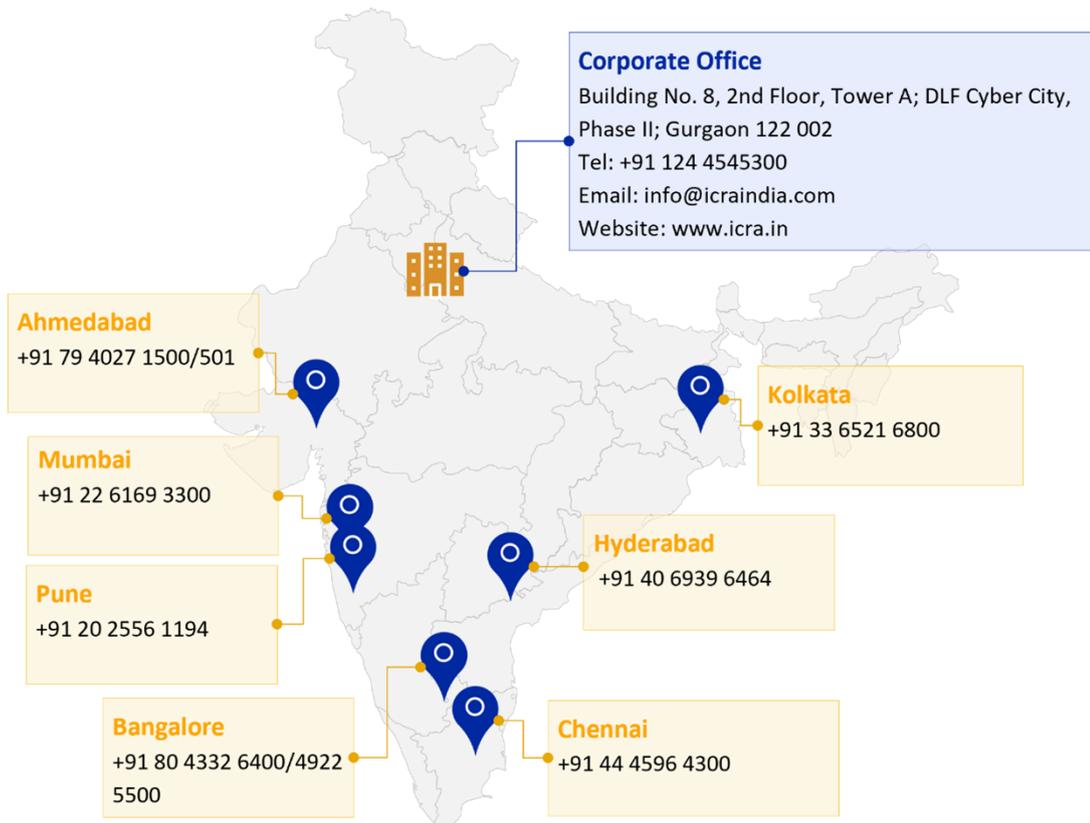
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