

June 05, 2026

Kaabil Finance Private Limited: Provisional [ICRA]A(SO) assigned to Series A1 PTCs backed by a pool of secured business loan receivables

Summary of rating action

Trust name	Instrument*	Rated amount (Rs. crore)	Rating action
Aroven Trust May 2026	Series A1 PTCs	28.52	Provisional [ICRA]A(SO); assigned

*Instrument details are provided in Annexure II

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 secured business loan receivables originated by Kaabil Finance Private Limited {KFPL/Originator; rated [ICRA]BBB-(Stable)} with an aggregate principal outstanding of Rs. 33.96 crore (pool receivables of Rs. 58.80 crore). The loans are secured by self-occupied residential properties. KFPL would act as the servicer of the rated transaction.

The provisional rating is based on the strength of the cash flows from the selected pool of contracts, the credit enhancement available in the structure as well as the integrity of the legal structure. The provisional 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 monthly cash flow schedule comprises the promised interest payout. The principal 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 be flowing back to the Originator on a monthly basis. In case of an EIS trigger event, the entire EIS available in the structure will be used for the accelerated redemption of Series A1 PTC. 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 initial pool principal, amounting to Rs. 1.70 crore, to be provided by the Originator, (ii) principal subordination of 16.00% of initial pool principal (equity tranche of 5.00% and over collateral of 11.00% of the initial pool principal respectively) for Series A1 PTCs, and (iii) the EIS of 54.67% of the initial pool principal for Series A1 PTCs.

Key rating drivers and their description

Credit strengths

Granular pool supported by availability of credit enhancement – The pool is granular, consisting of 1,048 obligors, with the top 10 obligors accounting for ~2.94% of the pool principal as on the cut-off date, thereby reducing the exposure to any single borrower.

No overdue contracts in the pool – The pool has been filtered in such a manner that there were no overdue contracts as on the cut-off date.

Contracts backed by self-occupied residential properties – The pool is backed by self-occupied residential properties and remaining with self-occupied commercial properties. This is expected to support the quality of the pool as it has been observed that borrowers tend to prioritise repayments towards such loans even during financial stress.

Credit challenges

Limited track record of servicing capability – Kaabil is in the nascent stage of operations. Although it started operations in FY2017, its disbursements picked up from FY2023. Thus, the company is yet to establish a long vintage of servicing loans.

High geographical concentration – The pool has high geographical concentration with single state, viz. Rajasthan contributing ~100% of the principal amount. The pool's performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

Risks associated with lending business – The pool's performance 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.

Key rating assumptions

ICRA's cash flow modelling for the rating of securitisation transactions involves the simulation of potential losses, delinquencies and prepayment 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 on the basis of 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. The resulting collections from the pool, 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 pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 6.50% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 7.2% to 27.0% 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: Superior

The liquidity for Series A1 PTCs is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be more than 7.5 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and an increase in the cover available for future investor payouts from the credit enhancement would result in a rating upgrade.

Negative factors – The sustained weak collection performance of the underlying pool of contracts (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the servicer could also exert pressure on the rating.

Analytical approach

The rating action is based on the analysis of the performance of KFPL's secured business loan portfolio till March 2026, the key characteristics and composition of the current pool, the performance expected over the balance tenure of the pool, 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

Kaabil Finance Private Limited operates in secured MSME segment across India's Tier 3/4/5+ towns. As a dedicated non deposit taking Non-Banking Financial Company (NBFC), the company specialize in providing secured business loans, particularly focusing on Loan Against Property (LAP), tailored to meet the unique needs of small shopkeepers, vendors, and nano-entrepreneurs in rural India. The company commenced operations in 2017, with a secured business loans with a typical loan ticket size of Rs. 2-15 lakh and an average ticket size of Rs. 3-3.5 lakh. Its loans are predominantly backed by self-occupied residential properties. As of March 31, 2025, the company has 72 plus branches across 29 districts in Rajasthan.

Key financial indicators (standalone)

Kaabil Finance Private Limited	FY2024 (audited)	FY2025 (audited)	FY2026 (provisional)
Total Income	24.3	47.7	73.6
Profit after tax	2.3	3.1	4.1
Total managed assets	135.0	265.0	357.0
Gross NPA^ (%)	3.9%	3.2%	4.5%
CRAR(%)	49.0%	44.0%	45.2%

Source: Company data; Amount in Rs. Crore; ^Gross NPAs have been recognised at 90+ dpd as of March 2026, 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

S. no.	Trust name	Current rating (FY2027)			Chronology of rating history for the past 3 years		
		Instrument	Current amount rated (Rs. crore)	Date & rating in FY2027	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
				June 05, 2026	-	-	-
1	Aroven Trust May 2026	Series A1 PTCs	28.52	Provisional [ICRA]A(SO)	-	-	-

Annexure I: [Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026](#)

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under :

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under :

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI

4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure : SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 PTCs	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 II: Instrument details

Trust name	Instrument type	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Current amount rated (Rs. crore)	Current rating
Aroven Trust May 2026	Series A1 PTCs	June 03, 2026	9.50%	December 16, 2032	28.52	Provisional [ICRA]A(SO)

Source: Company

Annexure III: List of entities considered for consolidated analysis

Not applicable

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ABOUT ICRA LIMITED

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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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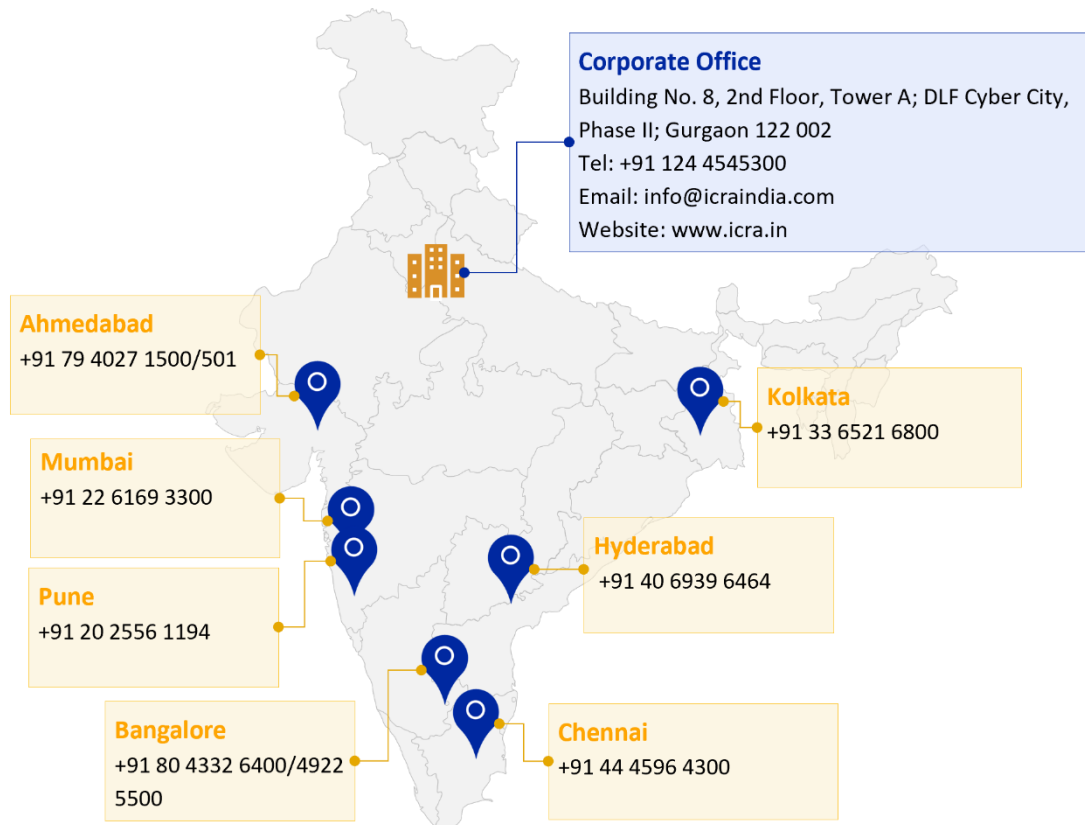
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