August 31, 2026

Progfin Private Limited: Provisional [ICRA]A+(SO) assigned to Series A1 PTC to be issued by Sirocco 06 2026

Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Sirocco 06 2026	Series A1 PTC	63.59	Provisional [ICRA]A+(SO); assigned	RBI

**Instrument details are provided in Annexure I*

#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

Rating in the absence of pending actions/documents	No rating would have been assigned as it would not be meaningful

Rationale

The pass-through certificates () 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. 73.94 crore (pool receivables of Rs. 76.13 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, the 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 9 months from the transaction settlement date. During this period, all principal 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 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 are live.

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. 3.70 crore, to be provided by the Originator[1], (ii) principal subordination of 14.00% of the initial pool principal for Series A1 PTC in the form of equity tranche, 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 Loans pertain to the "Dealer/Sub dealer Financing" program of the Seller;
- None of the Loans have been rescheduled or restructured (determined in accordance with the criteria prescribed by the RBI) as on Cut-off Date;
- All Loans which are 0 (Zero) DPD as on the Effective Date of the respective Deed of Assignment, have neither been terminated nor have been prepaid as on the respective Cut-off Date;
- The balance tenor of the Identified Receivables is not more than 210 (Two Hundred and Ten) days. Further, none of the Identified Receivables assigned as part of replenishment to have due date beyond October 24, 2027.
- The borrowers/obligors should have CIBIL score of 700 or more;
- No borrower has peak dpd greater than [10] days during the vintage with Progfin.
- 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 [25]% and the concentration of top 30 borrowers to be capped at [45]%.
- Top State concentration in the pool to be capped at [30]% of the initial pool principal

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;
- 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;
- Pool cover falling below 0.70x (i.e. during the Replenishment Period the follow-on pool purchased on each Purchase Date should not be less than 70% of the Principal collections + Prepayment collections received for that collection period).
- If the First Loss Credit Enhancement Facility is drawn even once during the tenure of the transaction
- Cumulative Collection Efficiency (inclusive of prepayment amounts) 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% 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.

[1] *The CC can be replaced by an equivalent amount of unfunded facility in favor of the trust in the form of a guarantee from a bank, the right, title and interest of which shall be assigned in favour of the trustee*

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, its characteristics 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 – 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 .

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 March 2026, the key characteristics and composition of the current pool, the eligibility criteria for the 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. 14 crore on total income of Rs. 375 crore in FY2026 compared to Rs. 12 crore and Rs. 258 crore, respectively, in FY2025. The AUM stood at Rs. 2,440 crore as on March 31, 2026 comprising dealer financing and working capital term loans.

Progfin Private Limited (standalone)	FY2024	FY2025	FY2026
	Audited	Audited	Audited
Total income	109	258	375
Profit after tax	3	12	14
Total managed assets	1,133	1,554	2,440
CRAR	45.2%	40.3%	30.3%
GNPA/Gross stage 3	1.5%	1.1%	1.5%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore;

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust name	Current rating (FY2027)			Chronology of rating history for the past 3 years		
	Instrument	Amount rated (Rs. crore)	Date & rating in FY2027	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
			August 31, 2026	-	-	-
Sirocco 06 2026	Series A1 PTC	63.59	**Provisional [ICRA]A+(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	Financial Sector Regulator#
Sirocco 06 2026	Series A1 PTC	August 21, 2026	-	February 24, 2028	63.59	Provisional [ICRA]A+(SO)	RBI

Source: Company

 # 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

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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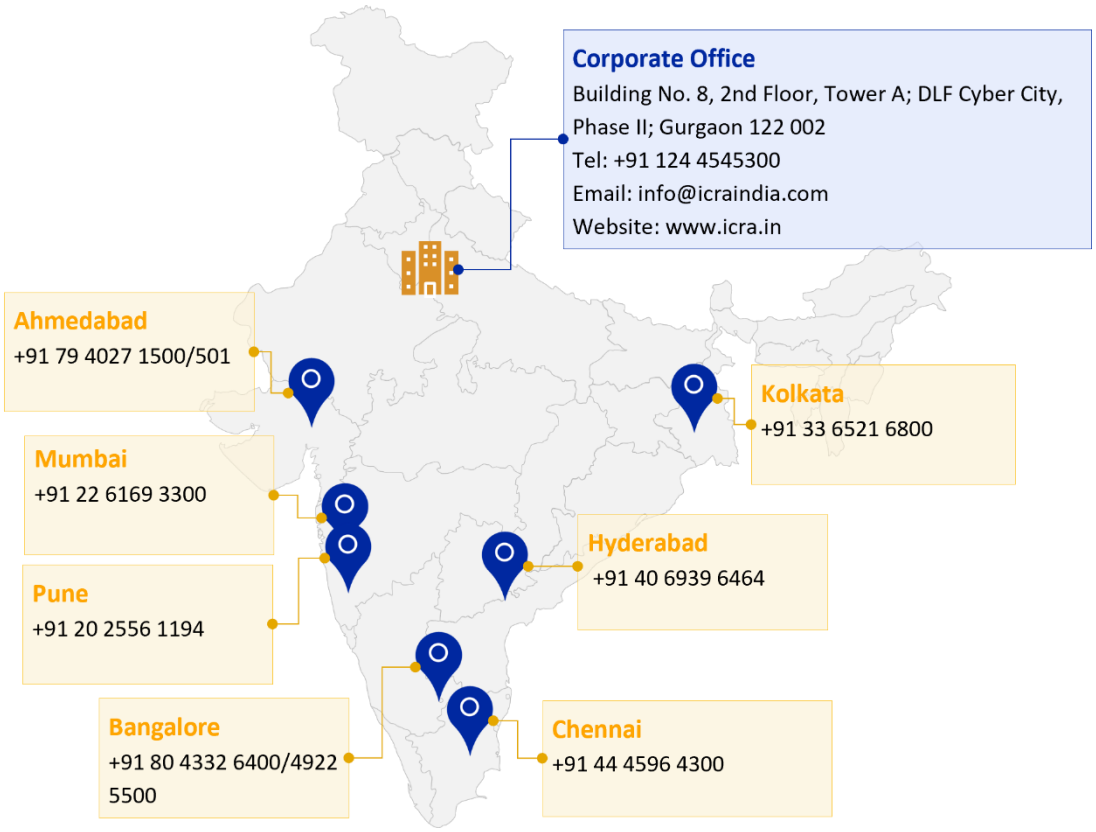

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