July 22, 2026

Kaabil Finance Private Limited: Rating upgraded for PTCs issued under secured business loan receivables issued by Indigo 042

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Amount O/s after last surveillance (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Indigo 042	Series A PTCs	6.22	NA	3.18	[ICRA]A+(SO); upgraded from [ICRA]A(SO)	RBI

**Instrument details are provided in Annexure I*

 # 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.

Rationale

The pass-through certificates (PTCs) are backed by a pool of secured business loan receivables originated by Kaabil Finance Private Limited {KFPL /Originator-[ICRA]BBB-(Stable)}[1]. KFPL is also the servicer for the transaction.

The rating upgradation factors in the build-up of the credit enhancement cover over the future PTC payouts on account of high pool amortisation. The rating also draws comfort from the fact that the breakeven collection efficiency is lower than the actual collection levels observed in the pool till the June 2026 payout month.

Pool performance summary

Parameter	Indigo 042
Payout	June 2026
Months post securitisation	12
Pool amortisation	34.6%
Series A1 PTC amortisation	48.9%
Cumulative prepayment rate	22.2%
Cumulative collection efficiency[2]	99.6%
Loss-cum-0+ dpd[3]	2.3%
Loss-cum-30+ dpd[4]	0.7%
Loss-cum-90+ dpd[5]	0.5%
Cumulative cash collateral utilisation	0.0%
CC available (as % of balance pool)	10.7%
Excess interest spread (EIS; as % of balance pool)[6]	49.3%
Principal subordination (% of balance pool principal)	32.7%

[1] *The current rating rationale of the originator, available at this link, provides its detailed rating history and rating transitions.*

[2] *(Cumulative current and overdue collections till date)/Cumulative billing till date*

[3] *Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 0 days, as a % of Initial pool principal*

[4] *Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 30 days, as a % of Initial pool principal*

[5] *Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal*

[6] *(Pool cash flows till PTC maturity month – Cash flows to PTC A1/A1(a)/A1(b) – Originator's residual share) / Pool principal outstanding*

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. The residual cash flows from the pool, after meeting the promised and expected payouts, 50% will be used for accelerating principal redemption of Series A PTCs and 50% will flow to the originator for each payout. Any prepayment in the pool would be used for the prepayment of the Series A PTCs principal.

Key rating drivers and their description

Credit strengths

Healthy pool performance – The pools' performance has been healthy with a cumulative collection efficiency of ~99.2% till the June 2026 payout month. This has resulted in low delinquencies in the pool with negligible 90+ days past due (dpd) for the pool. The breakeven collection efficiency is also low compared to the collection efficiency observed in the pool.

Healthy build-up of credit enhancement – The ratings factor in the build-up in the credit enhancement with the cash collateral and subordination increasing from the time of securitisation for the trust. Further, there have been no instances of cash collateral utilisation till date owing to the strong collection performance and the presence of subordination and EIS in the transaction.

Contracts backed by self-occupied residential properties – The entire pool is backed by self-occupied residential 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 3.75% 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.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	Indigo 042
Originator	Kaabil Finance Private Limited
Servicer	Kaabil Finance Private Limited
Trustee	Catalyst Trusteeship Limited
CC holding bank	IDFC First Bank Limited
Collection and payout account bank	ICICI Bank Limited

Liquidity position: Superior

The liquidity for the Series A PTCs is superior after factoring in the credit enhancement available to meet the promised payout to the investors. The total credit enhancement would be greater than 13 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 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

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, 2026, the company has 81 plus branches across Rajasthan and Karnataka.

Key financial indicators

Kaabil Finance Private Limited	FY2024 (audited)	FY2025 (audited)	FY2026 (Audited)
Total income	24.3	47.7	72.9
Profit after tax	2.3	3.1	5.8
Total managed assets	135 .0	265.0	357.0
Gross NPA	3.9%	3.2%	4.5%
CRAR	49.0%	44.0%	45.3%

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

Trust name	Current rating (FY2027)				Chronology of rating history for the past 3 years			
	Instrument	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2027	Date & rating in FY2026		Date & rating in FY2025	Date & rating in FY2024
				July 22, 2026	July 07, 2025	July 02, 2025	-	-
Indigo 042	Series A PTCs	6.22	3.18	**[ICRA]A+(SO)**	**[ICRA]A(SO)**	**Provisional [ICRA]A(SO)**	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A 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 I: Instrument details

Trust name	Instrument	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Current rating	Financial Sector Regulator#
Indigo 042	Series A PTCs	June 30, 2025	-	October 20, 2031	3.18	[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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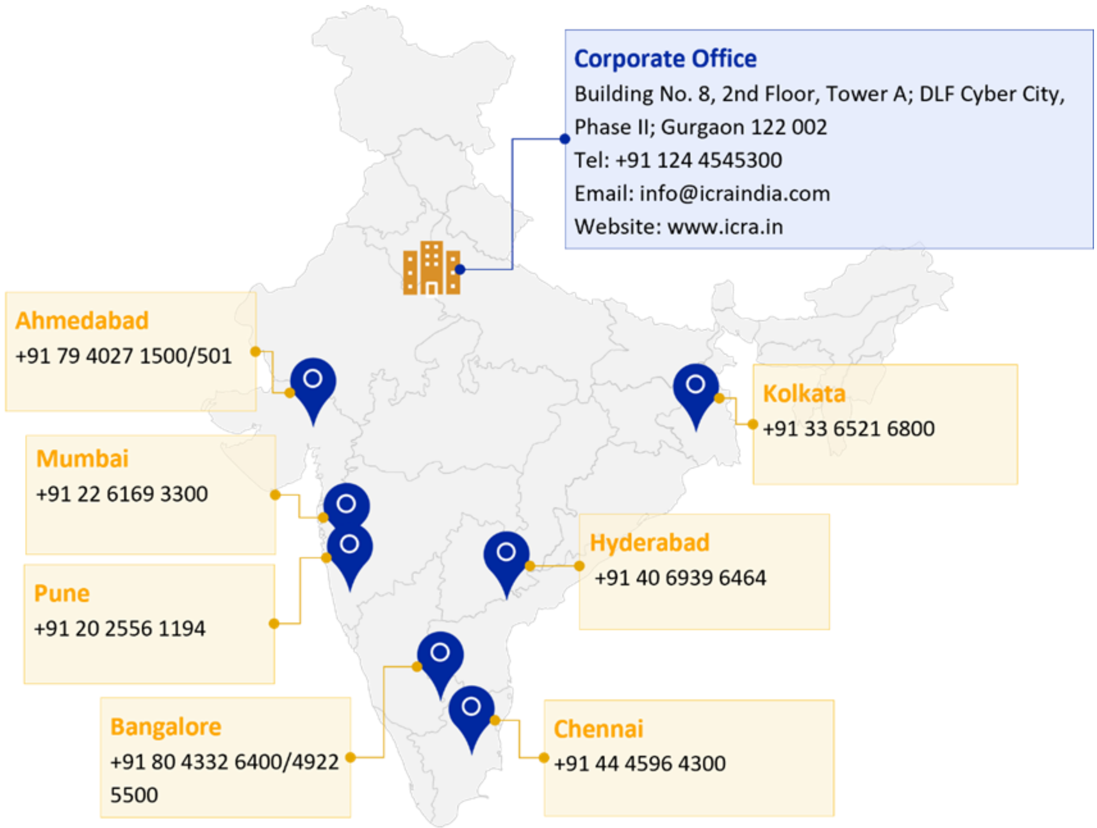

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