

March 05, 2025

## InCred Financial Services Limited: Update on material event

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debentures	1,100.00	1,100.00	[ICRA]AA- (Stable); outstanding
Commercial paper	500.00	500.00	[ICRA]A1+; outstanding
Market linked debentures	300.00	300.00	PP-MLD[ICRA]AA- (Stable); outstanding
<b>Total</b>	<b>1,900.00</b>	<b>1,900.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

#### Material event

On February 25, 2025, InCred Financial Services Limited's (IFSL) board approved the purchase of TruCap Finance Limited's (TruCap) entire gold loan business, including its loan assets, brand (Dhanvarsha), branches, employees, and the associated liabilities. A binding term sheet has been approved and the transaction is expected to be completed by April 2025. It is subject to approval from TruCap's shareholders and lenders as well as other regulatory approvals.

#### Impact of the material event

With this transaction, IFSL aims to diversify its risk profile by entering a lower-risk segment (gold loans) and improve profitability with a better yield segment compared to the current set of asset segments. As of December 2024, TruCap had on-book gold loan assets under management (AUM) of ~Rs. 234 crore and off-book gold loan AUM of ~Rs. 444 crore (co-lending book). The business operates with 550 employees across 115 branches, mainly in western and northern India (Goa, Maharashtra, Gujarat, Madhya Pradesh, Delhi, and Punjab).

The consideration for the transaction is estimated at ~Rs. 330 crore, subject to the AUM on the date of the actual transaction. ICRA believes that the immediate financial impact of the transaction is not likely to be material to the credit profile of IFSL. IFSL is expected to fund the transaction from internal sources. Its liquidity position remains strong with free cash & liquid investments of Rs. 777.8 crore and unutilised bank lines of Rs. 701.0 crore as on December 31, 2024 against debt repayment obligations of Rs. 1,857.6 crore during January-June 2025. As of December 2024, IFSL's managed gearing<sup>1</sup> stood at 2.4 times and the estimated impact of this acquisition on the capitalisation profile is expected not to be material.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position and rating sensitivities: [Click here](#)

<sup>1</sup> Managed gearing = (Borrowings + Off-book assets)/Net worth

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">ICRA's credit rating methodology for non-banking finance companies</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of IFSL

## About the company

InCred Financial Services Limited (IFSL; erstwhile KKR India Financial Services Limited or KIFSL) is a non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI). In FY2023, the erstwhile IFSL was merged with KIFSL, becoming a 100% subsidiary of InCred Holdings Limited (IHL; erstwhile KKR Capital Markets Private Limited, the holding company of KIFSL). The merged entity (i.e. KIFSL) was subsequently renamed InCred Financial Services Limited. The shareholders of the erstwhile IFSL became IHL's shareholders.

The company's registered office is in Mumbai. It provides personal loans, education loans, school financing, loan against property (LAP), loans to financial institutions and anchor & escrow-backed business loans. As of December 2024, IFSL had operations in 16 states with 120 branches.

### Key financial indicators – Consolidated

IFSL	FY2023	FY2024	Q1 FY2025*
Total income	877	1,293	392
PAT <sup>#</sup>	121	316	98
Total managed assets	7,267	10,458	10,681
Return on managed assets	2.1%	3.6%	3.7%
Managed gearing (times)	1.8	2.0	2.0
Gross stage 3	2.1%	2.1%	2.1%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; <sup>#</sup> Excludes share of loss from associates; \* Provisional

### Key financial indicators – Standalone

IFSL	FY2023	FY2024	Q1 FY2025*
Total income	876	1,292	392
PAT	121	315	93
Total managed assets	7,356	10,471	10,693
Return on managed assets	2.1%	3.5%	3.5%
Managed gearing (times)	1.8	2.0	2.0
Gross stage 3	2.1%	2.1%	2.1%
CRAR	33.4%	30.4%	32.1%

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

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

## Any other information: None

## Rating history for past three years

Instrument	Current (FY2025)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Mar-05-2025	FY2025		FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Non-convertible debentures	Long term	1,100.00	[ICRA]AA-(Stable)	Jun-03-2024	[ICRA]AA-(Stable)	Mar-28-2024	[ICRA]AA-(Stable)	-	-	-	-
				Aug-28-2024	[ICRA]AA-(Stable)	-	-	-	-	-	-
Commercial paper	Short term	500.00	[ICRA]A1+	Jun-03-2024	[ICRA]A1+	Mar-28-2024	[ICRA]A1+	-	-	-	-
				Aug-28-2024	[ICRA]A1+	-	-	-	-	-	-
Market linked debenture	Long term	300.00	PP-MLD [ICRA]AA-(Stable)	Aug-28-2024	PP-MLD [ICRA]AA-(Stable)	-	-	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Non-convertible debentures	Simple
Commercial paper	Very simple
Market linked debentures	Moderately complex

Note: The complexity indicator mentioned in the table is based on ICRA's assumptions and is subject to change when the terms are eventually finalised

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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE321N07400	NCD	May-22-2024	9.50%	May-21-2026	50.00	[ICRA]AA- (Stable)
INE321N07426	NCD	Aug-20-2024	9.50%	Aug-18-2026	100.00	[ICRA]AA- (Stable)
INE321N07442	NCD	Sep-19-2024	9.50%	Sep-18-2026	215.00	[ICRA]AA- (Stable)
INE321N07459	NCD	Oct-29-2024	9.50%	Oct-29-2026	50.00	[ICRA]AA- (Stable)
INE321N07475	NCD	Nov-28-2024	9.90%	Nov-25-2027	25.00	[ICRA]AA- (Stable)
INE321N07483	NCD	Dec-11-2024	9.50%	Dec-11-2026	90.00	[ICRA]AA- (Stable)
INE321N07491	NCD	Dec-31-2024	9.50%	Dec-31-2026	55.00	[ICRA]AA- (Stable)
NA	NCD*	NA	NA	NA	515.00	[ICRA]AA- (Stable)
INE321N14265	CP	Nov-29-2024	9.20%	Feb-27-2025	50.00	[ICRA]A1+
INE321N14273	CP	Dec-18-2024	9.10%	June-16-2025	30.00	[ICRA]A1+
INE321N14281	CP	Dec-27-2024	9.10%	July-15-2025	60.00	[ICRA]A1+
INE321N14299	CP	Dec-31-2024	9.10%	June-30-2025	60.00	[ICRA]A1+
INE321N14307	CP	Jan-20-2025	9.45%	Jan-20-2026	50.00	[ICRA]A1+
INE321N14224	CP	Sep-04-2024	9.50%	Mar-03-2025	10.00	[ICRA]A1+
NA	CP*	NA	NA	NA	240.00	[ICRA]A1+
NA	MLD*	NA	NA	NA	300.00	PP-MLD[ICRA]AA- (Stable)

Source: Company; \*Not yet placed

## Annexure II: List of entities considered for consolidated analysis

Company name	IFSL ownership	Consolidation approach
Incred Finserv Private Limited	100.00%	Full consolidation
Incred.AI Limited	100.00%	Full consolidation
Booth Fintech Private Limited*	100.00%	Full consolidation
mValu Technology Services Private Limited*	75.82%	Full consolidation

Source: IFSL's FY2024 annual report

Note: ICRA has taken a consolidated view of IFSL while assigning the ratings; \* Ceased to be a subsidiary with effect from July 11, 2023

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