

May 25, 2026

InCred Financial Services Limited: Rating upgraded for PTCs issued under a personal loan securitisation transaction

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
Invictus March-2025	PTC Series A1	99.97	NA	31.80	[ICRA]AAA(SO); upgraded from [ICRA]AA+(SO)

*Instrument details are provided in Annexure II

Rationale

The pass-through certificates (PTCs) are backed by a pool of personal loan receivables originated by InCred Financial Services Limited (IFSL/Originator; rated [ICRA]AA-(Stable)/[ICRA]A1+). IFSL is also the servicer for the transaction.

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

Pool performance summary

Parameter	Invictus March-2025
Payout month	May 2026
Months post securitisation	13
Pool amortisation (as % of initial pool principal)	51.7%
PTC amortisation (as % of initial PTC principal)	68.2%
Cumulative collection efficiency ¹	98.6%
Cumulative prepayment rate ²	27.0%
Loss-cum-30+ days past due (dpd; % of initial pool principal) ³	2.2%
Loss-cum-90+ dpd (% of initial pool principal) ⁴	1.2%
Breakeven collection efficiency ⁵	33.7%
Cumulative cash collateral (CC) utilisation	0.0%
CC available (as % of balance pool)	18.6%
Excess interest spread (EIS; as % of balance pool) ⁶	24.4%
Principal subordination (% of balance pool principal)	41.4%

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. A part (75%) of the excess interest spread (EIS), after meeting the promised and expected payouts, will be used for the prepayment of the PTC Series A principal while the balance (25%) will flow back to the Originator on a monthly basis (in case there are no

¹ Cumulative collections / (Cumulative billings + Opening overdue at the time of securitisation)

² Principal outstanding at the time of prepayment of contracts prepaid till date / Initial pool principal

³ Unbilled and overdue principal portion of contracts delinquent for more than 30 days, as a % of Initial pool principal

⁴ Unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal

⁵ (Balance cash flows payable to investor – CC available) / Balance pool cash flows

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

EIS trigger events). In case of an EIS trigger event, the entire EIS available will be used for accelerated redemption of PTC Series A1. Any prepayment in the pool would be used for the prepayment of PTC Series A1 principal.

Key rating drivers and their description

Credit strengths

Build-up of credit enhancement – The rating factors in the build-up in the credit enhancement with the cash collateral (CC) increasing to 18.6% of the balance pool principal from 9.0% at the time of securitisation. Credit support is also available through subordination/over-collateralisation of 41.4% for PTC Series A1 and excess interest spread (EIS) of 24.4% of the balance pool principal.

Healthy pool performance – The pool’s performance has been healthy with a cumulative collection efficiency of 98.6% as on May 2026 payout, which has resulted in lower delinquency with the 90+ days past due (dpd) at ~1.2%. The break-even collection efficiency is significantly lower than the actual monthly collections seen in the pool. Further, there have been no instances of cash collateral utilisation for the pool till date owing to healthy collection performance and the presence of EIS in the transaction.

Adequate servicing capability of the originator – The company has adequate processes for servicing the loan accounts in the securitised pool. It has a moderate track record of almost five years of regular collections across a wide geography.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz Maharashtra, Tamil Nadu and Telangana contributing ~72% to the balance pool 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. The pool is 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 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 their tenure at 3.5% of the initial pool principal with certain variability around it. The average prepayment rate for the pool is modelled in the range of 5% to 18% 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 is as follows:

Transaction name	Invictus March-2025
Originator	InCred Financial Services Limited

Transaction name	Invictus March-2025
Servicer	InCred Financial Services Limited
Trustee	Catalyst Trusteeship Limited
CC holding bank	ICICI Bank Limited
Collection and payout account bank	ICICI Bank Limited

Liquidity position: Superior

The liquidity for PTC Series A1 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 10 times the estimated loss in the pool

Rating sensitivities

Positive factors – Not applicable.

Negative factors – The sustained weak collection performance of the underlying pool of contracts 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 (Incred) could also exert pressure on the rating.

Analytical approach

The rating action is based on the performance of the pool till April 2026 (collection month), the present delinquency levels and the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for Securitisation Transactions
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the originator

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, LAP, loans to financial institutions and anchor & escrow-backed business loans. As of March 2025, IFSL had operations in 18 states with 140 branches.

Key financial indicators (standalone)

IFSL	FY2024	FY2025	9MFY2026
Total income	1,292	1,883	1,865
PAT	315	372	312
Total managed assets	10,471	14,523	14,447
Gross stage 3	2.1%	1.9%	2.3%
CRAR	30.4%	26.1%	25.0%

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	Instrument	Current rating (FY2027)		Chronology of rating history for the past 3 years			
		Initial rated amount	Current rated amount	Date & rating in FY2027	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
		(Rs. crore)	(Rs. crore)	May 25, 2026	May 26, 2025	Mar 27, 2025	-
Invictus March-2025	PTC Series A1	99.97	31.80	[ICRA]AAA(SO)	[ICRA]AA+(SO)	Provisional [ICRA]AA+(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 instruments

Trust name	Instrument	Complexity indicator
Invictus March-2025	PTC Series A1	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
Invictus March-2025	PTC Series A1	March 20, 2025	9.25%	September 28, 2028	31.80	[ICRA]AAA(SO)

Source: Company

Annexure III: List of entities considered for consolidated analysis

Not applicable

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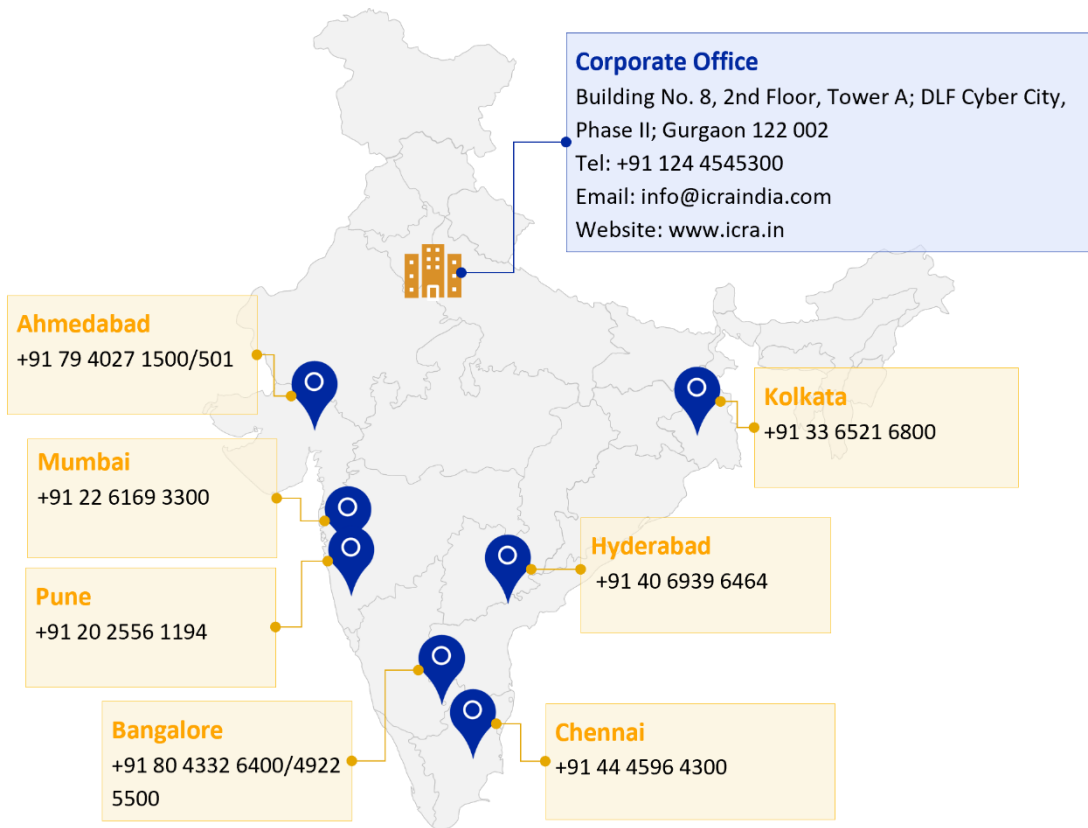
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