

September 11, 2025

InCred Financial Services Limited: Ratings confirmed as final for PTCs backed by personal loan receivables issued by Pinaka June 2025

Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action
Pinaka June 2025	PTC Series A1	66.66	[ICRA]AAA(SO); provisional rating confirmed as final
	PTC Series A2	2.41	[ICRA]AA+(SO); provisional rating confirmed as final

*Instrument details are provided in Annexure I

Rationale

In July 2025, ICRA had assigned Provisional [ICRA]AAA(SO) rating to Pass Through Certificate (PTC) Series A1 and Provisional [ICRA]AA+(SO) to PTC Series A2 issued by Pinaka June 2025. The PTCs are backed by personal loan (PL) receivables originated by InCred Financial Services Limited {(IFSL/Originator; rated [ICRA]AA-(Stable)/[ICRA]A1+)} with an aggregate principal outstanding of Rs. 80.32 crore (pool receivables of Rs. 111.46 crore). IFSL is also the servicer of the rated transaction.

Since the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said ratings have now been confirmed as final.

Pool performance summary

Parameter	Pinaka June 2025
Payout month	August 2025
Months post securitisation	2
Pool amortisation	11.9%
PTC Series A1 amortisation	16.2%
PTC Series A2 amortisation	0.0%
Cumulative prepayment rate	7.4%
Cumulative collection efficiency ¹	99.6%
Loss-cum 0+ days past due (dpd) ²	0.6%
Loss cum 30+ dpd ³	0.03%
Loss cum 90+ dpd ⁴	0.0%
Cumulative cash collateral utilisation	0.0%

Transaction structure

As per the transaction structure, the collections from the pool, after making the promised interest payouts to PTC Series A1, will be used to make the expected principal payouts to PTC Series A1, followed by the expected interest payout to PTC Series A2. Post the maturity of PTC Series A1, interest payouts will be promised to PTC Series A2 and all excess cash flows, after meeting the promised interest PTC Series A2 payouts, will be passed on for the expected PTC Series A2 principal payout. The entire principal repayment to PTC Series A1 and PTC Series A2 is promised on the scheduled maturity date. 50% of the excess interest spread (EIS) available after meeting the expected and promised PTC payments will be passed on to the investor and

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

² Unbilled and overdue principal portion of delinquent contracts, as a % of 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

the balance would leak out to originator (in case there are no EIS trigger events). In case of an EIS trigger event, the EIS available will be used for accelerated redemption of PTC Series A1 (until PTC Series A1 are outstanding) and post that for redemption of PTC Series A2.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 7.00% of the initial pool principal, amounting to Rs. 5.62 crore, to be provided by the Originator, (ii) principal subordination of 17.00% of the initial pool principal for PTC Series A1 and 14.00% of the initial pool principal for PTC Series A2, and (iii) the EIS of 30.69% of the initial pool principal for PTC Series A1 and 30.03% of the initial pool principal for PTC Series A2.

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 3,549 obligors, with top 10 obligors forming only 1.1% of the initial 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.

No overdue contracts in the pool – The pool has been filtered in such a manner that there are no overdue contracts as on the cut-off date. Also none of the contracts have ever been overdue since origination.

Strong CIBIL score of the underlying borrowers – All the borrowers in the pool have a minimum CIBIL score of 700 and ~54% of borrowers have a CIBIL score of more than or equal to 750 which signifies a strong credit history of such borrowers.

Adequate servicing capability of the originator – The company has adequate processes for servicing of the loan accounts in the securitised pool. It has a moderate track record of almost 4 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 Karnataka, contributing 67% to the pool principal amount. The performance of the pool 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 its tenure at 5.75% of the pool principal with certain variability around it. The average prepayment rate for the underlying 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 instruments.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction Name	Pinaka June 2025
Originator	InCred Financial Services Limited
Servicer	InCred Financial Services Limited
Trustee	Catalyst Trusteeship Limited
CC holding bank	Indian Overseas Bank
Collection and payout account bank	ICICI Bank Limited

Liquidity position: Superior

The liquidity for PTC Series A1 and PTC Series A2 is superior after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be more than 7 times the estimated loss in the pool for PTC Series A1 and for PTC Series A2 the total credit enhancement would be 6.75 times the estimated loss in the pool.

Rating sensitivities

Positive factors – Not applicable for PTC Series A1. For PTC Series A2, the rating could be upgraded on strong collection performance of the underlying pool (monthly collection efficiency >95%) on a sustained basis, leading to the build-up of credit enhancement cover for the remaining payouts.

Negative factors – Pressure on the ratings could emerge on any sustained weak collection performance (monthly collection efficiency <90%) of the underlying pool leading to higher-than-expected delinquency levels and credit enhancement utilisation levels. Weakening in the credit profile of the servicer (IFSL) could also exert pressure on the ratings.

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

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
Total income	1,292	1,883
PAT	315	372
Total managed assets	10,471	14,523
Gross stage 3	2.1%	1.9%
CRAR	30.4%	26.1%

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 (FY2026)		Chronology of rating history for the past 3 years			
		Initial rated amount	Current rated amount	Date & rating in FY2026		Date & rating in FY2025	Date & rating in FY2024
		(Rs. crore)	(Rs. crore)	Sep 11, 2025	July 07, 2025	-	-
Pinaka June 2025	PTC Series A1	66.66	66.66	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-	-
	PTC Series A2	2.41	2.41	[ICRA]AA+(SO)	Provisional [ICRA]AA+(SO)	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
PTC Series A1	Moderately Complex
PTC Series A2	Moderately 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 name	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Current rating
Pinaka June 2025	PTC Series A1	July 07, 2025	9.05%	October 10, 2029	66.66	[ICRA]AAA(SO)
	PTC Series A2		9.75%		2.41	[ICRA]AA+(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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