

May 15, 2026

## InCred Financial Services Limited: Ratings confirmed as final for PTCs backed by personal loan receivables issued by Atharva Mar 2026

### Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Atharva Mar 2026	PTC Series A1	150.00	150.00	[ICRA]AA+(SO); provisional rating confirmed as final
	Equity Tranche PTC	13.64	13.64	[ICRA]A-(SO); provisional rating confirmed as final

\*Instrument details are provided in Annexure II

### Rationale

In March 2026, ICRA had assigned Provisional [ICRA]AA+(SO) rating to Pass Through Certificate (PTC) Series A1 and Provisional [ICRA]A-(SO) rating to Equity Tranche PTC issued by Atharva Mar 2026. 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. 170.45 crore (pool receivables of Rs. 241.48 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	Atharva Mar 2026
Payout month	April 2026
Months post securitisation	1
Pool amortisation	5.89%
PTC Series A1 amortisation	7.32%
Equity Tranche PTC amortisation	0.00%
Cumulative prepayment rate	4.14%
Cumulative collection efficiency <sup>1</sup>	99.66%
Loss-cum-0+ days past due (dpd) <sup>2</sup>	0.30%
Loss-cum-30+ dpd <sup>3</sup>	0.00%
Loss-cum-90+ dpd <sup>4</sup>	0.00%
Cumulative cash collateral utilisation	0.00%

### Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout to PTC Series A1. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) to PTC Series A1 but is promised on the final maturity date. Post the maturity of PTC Series A1, collections would be passed on to meet expected principal payouts to Equity Tranche PTC. The entire principal repayment to PTC Series A1 and Equity Tranche PTC 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 rest would leak out to originator (in case there are no EIS trigger events). In case of an EIS trigger event, the entire EIS available will be used for accelerated redemption of PTC Series A1 (until PTC Series A1 are

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

<sup>2</sup> Unbilled and overdue principal portion of delinquent contracts as a % of Initial pool principal

<sup>3</sup> Unbilled and overdue principal portion of contracts delinquent for more than 30 days as a % of Initial pool principal

<sup>4</sup> Unbilled and overdue principal portion of contracts delinquent for more than 90 days as a % of Initial pool principal

outstanding) and then to equity tranche PTC. Equity Tranche PTC is subordinated to PTC Series A1. The final maturity date for all PTCs is August 22, 2030.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 5.00% of the initial pool principal, amounting to Rs. 8.52 crore, provided by the Originator, (ii) principal subordination of 12.00% (8.00% in the form of equity tranche and 4.00% of overcollateral) of the initial pool principal for PTC Series A1 and 4.00% of the initial pool principal for Equity Tranche PTC, and (iii) the EIS of 30.43% of the initial pool principal for both PTC Series A1 and Equity Tranche PTC.

## Key rating drivers and their description

### Credit strengths

**Granular pool supported by presence of credit enhancement** – The pool is granular, consisting of 4,613 obligors, with top 10 obligors forming only 0.5% 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 ~70% 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 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, Karnataka and Telangana 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 5.00% 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 instrument.

## Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction Name	Atharva Mar 2026
Originator	InCred Financial Services Limited
Servicer	InCred Financial Services Limited
Trustee	Catalyst Trusteeship Limited
CC holding bank	IDFC First Bank Limited
Collection and payout account bank	ICICI Bank Limited

## Liquidity position

### For PTC Series A1: Superior

The liquidity for PTC Series A1 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 the tranche.

### For Equity Tranche PTC: Strong

The liquidity for PTC Series A1 is strong after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be 5.50 times the estimated loss in the pool for the tranche.

## Rating sensitivities

**Positive factors** – The ratings 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	<a href="#">Rating Methodology for Securitisation Transactions</a>
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
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<b>Total income</b>	1,292	1,883	1,865
<b>Profit after tax</b>	315	372	312
<b>Total managed assets</b>	10,471	14,523	14,447
<b>Gross stage 3</b>	2.1%	1.9%	2.3%
<b>CRAR</b>	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	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
			May 15, 2026	March 25, 2026	-	-
Atharva Mar 2026	PTC Series A1	150.00	[ICRA]AA+(SO)	Provisional [ICRA]AA+(SO)	-	-
	Equity Tranche PTC	13.64	[ICRA]A-(SO)	Provisional [ICRA]A-(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 instrument

Instrument	Complexity Indicator
PTC Series A1	Highly Complex
Equity Tranche 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 II: Instrument details**

Trust name	Instrument name	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Current rating
<b>Atharva Mar 2026</b>	PTC Series A1	March 20, 2026	8.80%	August 22, 2030	150.00	[ICRA]AA+(SO)
	Equity Tranche PTC		-		13.64	[ICRA]A-(SO)

Source: Company

**Annexure III: List of entities considered for consolidated analysis**

Not applicable

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## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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](http://www.icra.in)

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