July 17, 2026

InCred Financial Services Limited: Ratings reaffirmed/assigned for fresh limits

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Non-convertible debentures	1,050.00	1,050.00	[ICRA]AA- (Stable); reaffirmed	SEBI
	50.00	-	[ICRA]AA- (Stable); reaffirmed and withdrawn	SEBI
	-	600.00	[ICRA]AA- (Stable); assigned	SEBI
Commercial paper	500.00	700.00	[ICRA]A1+; reaffirmed/assigned for enhanced amount	RBI
Market-linked debentures	300.00	300.00	PP-MLD[ICRA]AA- (Stable); reaffirmed	SEBI
	-	150.00	PP-MLD[ICRA]AA- (Stable); assigned	SEBI
Total	**1900.00**	**2,800.00**		

**Instrument details are provided in Annexure I*

#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.

Rationale

The ratings reaffirmation factors in InCred Financial Services Limited's (IFSL) diversified product mix, healthy capitalisation profile and comfortable profitability metrics. IFSL has presence in retail lending segments such as personal loans (PLs), student loans, specialised micro, small and medium enterprise (MSME) loans, loans against property (LAP), loans to financial institutions (FIs) and secured school financing. Within this, the share of PL in the overall assets under management (AUM) would remain range bound in the near term, while disbursements in the student loan segment are expected to moderate. Further, the company is anticipated to steadily expand the share of LAP segment over the medium term. Going forward, the company envisages an AUM growth of 30-35% in the near term vis-à-vis the compound annual growth rate (CAGR) of 43% witnessed during FY2023-FY2026. IFSL's healthy capitalisation profile is likely to support the envisaged growth in its AUM over the near-to-medium term. Its profitability {profit after tax (PAT)/average managed assets (AMA)}, on a consolidated basis, while remaining comfortable at 2.7% in FY2026, moderated on a year-over-year (YoY) basis from 3.0% in FY2025 as credit costs have increased with the reduction in recoveries from the legacy portfolio[1].

The rapid expansion in the loan book has constrained portfolio seasoning, especially in longer-tenure products such as student loans, secured school financing and LAP, which have tenures of 9–16 years. These segments grew at a CAGR of 47% during FY2023–FY2026 and formed 30% of the AUM as of March 2026. Nevertheless, student loan growth slowed to 8% YoY in FY2026, reflecting headwinds from geopolitical and macroeconomic developments in certain key overseas education markets.

The asset quality risks would continue to be a monitorable given the high share of unsecured personal loans, which accounted for 56% of the AUM as of March 2026 and carry an average tenure of around four years. While gross stage 3 (GS3) assets increased only marginally to 2.1% as of March 2026 from 1.9% as of March 2025, the relatively unseasoned nature of the portfolio and the unsecured product mix remain monitorables.

The Stable outlook factors in ICRA's expectation that IFSL will keep its asset quality indicators under control and have comfortable capital buffers while it scales up its AUM.

[1] Wholesale portfolio taken on books pursuant to IFSL's merger with KKR India Financial Services Limited in FY2023

ICRA has withdrawn the long-term rating on the Rs. 50.00-crore non-convertible debentures (NCDs) in accordance with its policy on the withdrawal of credit ratings as the instruments have matured and have been fully repaid.

Key rating drivers and their description

Credit strengths

Diversified product profile – IFSL offers diversified loan products including PLs (56% of the AUM in March 2026), student loans (20%), specialised MSME loans (8%), LAP (7%), financial institution loans (6%) and secured school financing (3%). The average ticket size of PLs is ~Rs. 2 lakh with a typical tenor of four years, and it is focussed on the urban salaried segment. Student loans are mainly extended for overseas education and have an average ticket size of ~Rs. 35 lakh, accompanied by a guarantor. Specialised MSME loans are extended to borrowers operating on various e-commerce and other platforms; the embedded arrangement (anchor/escrow backing) in this segment mitigates some of the underlying credit risks in the target segments.

The company thus caters to a diverse set of end borrowers, partially reducing its credit concentration risk. It had 166 branches and more than 3,100 employees as of March 2026, up from 140 branches and over 2,000 employees as of March 2025. The recent expansion was done to support the LAP segment growth, while a sizeable part of the operations in the other segments is driven by technology. Going forward, IFSL is expected to maintain a diversified product profile, while incrementally increasing its exposures to the PL and LAP segments over the near-to-medium term.

Healthy capitalisation profile – IFSL's capitalisation was characterised by a healthy capital adequacy ratio of 24.9% as of March 2026, supported by sizeable capital infusions and comfortable internal accruals in the past. ICRA notes that the merger with KKR India Financial Services Limited (KIFSL) in FY2023 had increased its net worth by ~Rs. 1,250 crore, which was further bolstered by the equity infusion of Rs. 500 crore in FY2024 and Rs. 40 crore in FY2026. The consolidated net worth stood at Rs. 4,239 crore as of March 2026, with a managed gearing of 3.0 times. The company envisages expanding at a CAGR of 30-35% over the medium term. ICRA expects IFSL's managed gearing to remain within 4.0 times while it grows its AUM during the above-mentioned period. The holding company of IFSL (i.e., InCred Holdings Limited) is targeting to do an initial public offering (IPO) of its equity shares in the near term, with sizeable primary equity infusion planned; fructification of the same would further bolster its capitalisation profile.

Comfortable profitability indicators; notwithstanding some moderation in FY2026 – On a consolidated basis, the company's PAT/AMA was 2.7% in FY2026 vis-à-vis 3.0% in FY2025 (3.6% in FY2024). Profitability continues to be supported by healthy margins and stable operating expenses, while the moderation in FY2026 was on account of reduced recoveries from the written-off pool which was acquired as a part of the merger in FY2023. Adjusting for these recoveries, PAT/AMA continues to remain in the range of 2.7-2.8% over FY2024-FY2026. IFSL had invested significantly in building its technology infrastructure during the initial stages. With the scale-up of operations, it has been able to steadily improve its operating efficiency over the years. Going forward, ICRA expects the company to maintain stable margins and operating expenses. However, keeping the credit costs under control, as the portfolio seasons, would be key.

Credit challenges

High portfolio growth, resulting in limited portfolio seasoning – IFSL's AUM expanded at a healthy pace of 28% in FY2026 to reach Rs. 15,881 crore as of March 2026, though it moderated vis-à-vis the 37% YoY growth seen in FY2025. PLs increased by 43% in FY2026 (56% in FY2025) and secured school financing and LAP book collectively grew by 73% in FY2026 vis-à-vis 33% in FY2025, albeit on a lower base. The growth in the student loan segment moderated to 8% in FY2026 vis-à-vis 52% in FY2025 due to the uncertainty regarding opportunities for pursuing higher education programmes in the USA and other developed markets. The company expects to expand its LAP segment further, which would support the share of exposures to secured segments in the overall portfolio over the medium term; overall, AUM is likely to grow at a CAGR of 30-35% over the medium term.

The steep growth witnessed in the past and the longer-tenure loans in most segments indicate limited portfolio seasoning at present. ICRA also notes that a major portion of the student loan book is currently under moratorium (~74% as of March 2026).

Asset quality monitorable due to target segments – IFSL's overall asset quality performance remains under control, notwithstanding the moderate increase in the GS3 to 2.1% as of March 2026 from 1.9% as of March 2025. The overall expected credit loss (ECL) provision stood at 2.8% of the loan book as of March 2026 while the stage 3 provision coverage ratio (PCR) was ~64%. Write-offs (as a percentage of the opening book) declined to 1.2% in FY2026 compared to 1.4% in FY2025 (0.9% in FY2024). The 90+ days past due (dpd), on a one-year lag basis (90+ dpd/AUM one year ago), was 3.0% as of March 2026 vis-à-vis 2.8% as of March 2025.

The 90+ dpd in the PL segment remained at 3.1% of the AUM as of March 2026 (3.1% as of March 2025). It continued to be minimal in the student loan segment at 0.2% in March 2026 vis-à-vis 0.2% in March 2025, as the majority of these loans were under moratorium, while it increased to 3.9% in March 2026 from 2.0% in March 2025 for the specialised MSME loan segment. ICRA notes that the asset quality performance would remain monitorable, given the unsecured nature of the PL portfolio, the geopolitical risks associated with the student loan portfolio and the relatively moderate credit profile of the target borrowers/anchors in the business loan segment.

Liquidity position: Adequate

IFSL had free cash and liquid investments of Rs. 1,081 crore and undrawn bank lines of Rs. 331 crore, as of June 2026, against debt obligations of Rs. 1,752 crore over July-September 2026. Inflows from advance collections (average monthly collections of Rs. 576 crore during H2 FY2026) are expected to further support the liquidity coverage of the company over the period. The asset-liability management profile, as of March 2026, had no negative cumulative mismatches in any of the buckets. Borrowings included bank loans and non-banking financial company (NBFC) /FI loans of 57%, NCDs of 19%, external commercial borrowings of 8%, securitisation of 13% and commercial papers of 2%.

Rating sensitivities

Positive factors – Significant scale-up in the portfolio, while maintaining good asset quality and earnings on a sustained basis, would lead to a positive impact on the ratings.

Negative factors – An increase in the managed gearing beyond 4.0 times or a deterioration in the asset quality indicators on a sustained basis could negatively impact the ratings. Weakening in the return on managed assets (RoMA) to less than 2.0% on a continued basis shall also unfavourably affect the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's credit rating methodology for non-banking finance companies Policy on withdrawal of credit ratings
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of IFSL. Refer to Annexure II for the list of entities considered for consolidation.

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 PLs, education loans, school financing, LAP, loans to financial institutions and specialised MSME loans. As of March 2026, IFSL had operations in 19 states with 166 branches.

Key financial indicators – Consolidated

IFSL	FY2025	FY2026
Total income	1,883	2,567
PAT#	374	438
Total managed assets	14,512	17,748
Return on managed assets	3.0%	2.7%
Managed gearing (times)	2.7	3.0
Gross stage 3	1.9%	2.1%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; # Excludes share of loss from associates

Key financial indicators – Standalone

IFSL	FY2025	FY2026
Total income	1,883	2,566
PAT	372	444
Total managed assets	14,523	17,748
Return on managed assets	3.0%	2.8%
Managed gearing (times)	2.7	3.0
Gross stage 3	1.9%	2.1%
CRAR	26.1%	24.9%

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

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jul-17-2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Non-convertible debentures	Long term	1,650.00	[ICRA]AA- (Stable)	Aug-27-2025	[ICRA]AA- (Stable)	Jun-03-2024	[ICRA]AA- (Stable)	Mar-28-2024	[ICRA]AA- (Stable)
						Aug-28-2024	[ICRA]AA- (Stable)		
						Mar-05-2025	[ICRA]AA- (Stable)		
Commercial paper	Short term	700.00	[ICRA]A1+	Aug-27-2025	[ICRA]A1+	Jun-03-2024	[ICRA]A1+	Mar-28-2024	[ICRA]A1+
						Aug-28-2024	[ICRA]A1+		
						Mar-05-2025	[ICRA]A1+		
Market-linked debentures	Long term	450.00	PP-MLD[ICRA]AA- (Stable)	Aug-27-2025	PP-MLD[ICRA]AA- (Stable)	Aug-28-2024	PP-MLD[ICRA]AA- (Stable)	-	-
						Mar-05-2025	PP-MLD[ICRA]AA- (Stable)		

Complexity level of the rated instruments

Instrument	Complexity indicator
Non-convertible debentures	Simple
Commercial paper	Simple
Market-linked debentures	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

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulator#
INE321N07426	**NCD**	Aug-20-2024	9.50%	Aug-18-2026	100.00	[ICRA]AA- (Stable)	SEBI
INE321N07442	**NCD**	Sep-19-2024	9.50%	Sep-18-2026	215.00	[ICRA]AA- (Stable)	SEBI
INE321N07459	**NCD**	Oct-29-2024	9.50%	Oct-29-2026	50.00	[ICRA]AA- (Stable)	SEBI
INE321N07475	**NCD**	Nov-28-2024	9.90%	Nov-25-2027	25.00	[ICRA]AA- (Stable)	SEBI
INE321N07483	**NCD**	Dec-11-2024	9.50%	Dec-11-2026	90.00	[ICRA]AA- (Stable)	SEBI
INE321N07491	**NCD**	Dec-31-2024	9.50%	Dec-31-2026	55.00	[ICRA]AA- (Stable)	SEBI
INE321N07509	**NCD**	Jan-20-2025	9.50%	Jul-19-2027	55.00	[ICRA]AA- (Stable)	SEBI
INE321N07525	**NCD**	Feb-17-2025	9.60%	Aug-16-2028	100.00	[ICRA]AA- (Stable)	SEBI
INE321N07632	**NCD**	Feb-02-2026	8.60%	Mar-06-2028	100.00	[ICRA]AA- (Stable)	SEBI
INE321N07632	**NCD**	Feb-02-2026	8.60%	Mar-06-2028	100.00	[ICRA]AA- (Stable)	SEBI
INE321N07624	**NCD**	Feb-18-2026	9.00%	Aug-14-2028	30.00	[ICRA]AA- (Stable)	SEBI
INE321N07665	**NCD**	May-26-2026	8.90%	Mar-17-2028	100.00	[ICRA]AA- (Stable)	SEBI
NA	**NCD***	NA	NA	NA	630.00	[ICRA]AA- (Stable)	SEBI
INE321N07400	**NCD**	May-22-2024	9.50%	May-21-2026	50.00	[ICRA]AA- (Stable); reaffirmed & withdrawn	SEBI
INE321N14356	**CP**	Nov-19-2025	9.25%	Nov-19-2026	50.00	[ICRA]A1+	RBI
INE321N14471	**CP**	Jun-17-2026	8.97%	Dec-17-2026	25.00	[ICRA]A1+	RBI
INE321N14380	**CP**	Feb-27-2026	8.80%	Aug-26-2026	25.00	[ICRA]A1+	RBI
INE321N14422	**CP**	Apr-09-2026	8.65%	Sep-30-2026	20.00	[ICRA]A1+	RBI
INE321N14455	**CP**	May-19-2026	8.70%	Nov-16-2026	35.00	[ICRA]A1+	RBI
INE321N14463	**CP**	May-21-2026	8.90%	Nov-20-2026	25.00	[ICRA]A1+	RBI
NA	**CP***	NA	NA	NA	520.00	[ICRA]A1+	RBI
INE321N07640	**MLD**	Mar-30-2026	Linked to Nifty	May-30-2028	42.75	PP-MLD[ICRA]AA- (Stable)	SEBI
INE321N07673	**MLD**	May-29-2026	Linked to Nifty	Jul-29-2027	25.20	PP-MLD[ICRA]AA- (Stable)	SEBI
INE321N07657	**MLD**	May-20-2026	Linked to Nifty	May-14-2029	16.00	PP-MLD[ICRA]AA- (Stable)	SEBI
INE321N07673	**MLD**	May-29-2026	Linked to Nifty	Jul-29-2027	38.25	PP-MLD[ICRA]AA- (Stable)	SEBI
INE321N07657	**MLD**	May-20-2026	Linked to Nifty	May-14-2029	39.20	PP-MLD[ICRA]AA- (Stable)	SEBI
NA	**MLD***	NA	NA	NA	288.60	PP-MLD[ICRA]AA- (Stable)	SEBI

*Source: Company; *Not yet placed*

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Annexure II: List of entities considered for consolidated analysis

Company name	IFSL ownership	Consolidation approach
Incred FinServ Private Limited#	100.00%	Full consolidation
Incred Corporate Solutions Limited@	100.00%	Full consolidation

Source: IFSL's FY2026 financials

Note: ICRA has taken a consolidated view of IFSL while assigning the ratings; # Ceased to be a subsidiary with effect from Nov 04, 2025; @Erstwhile Incred.AI Limited

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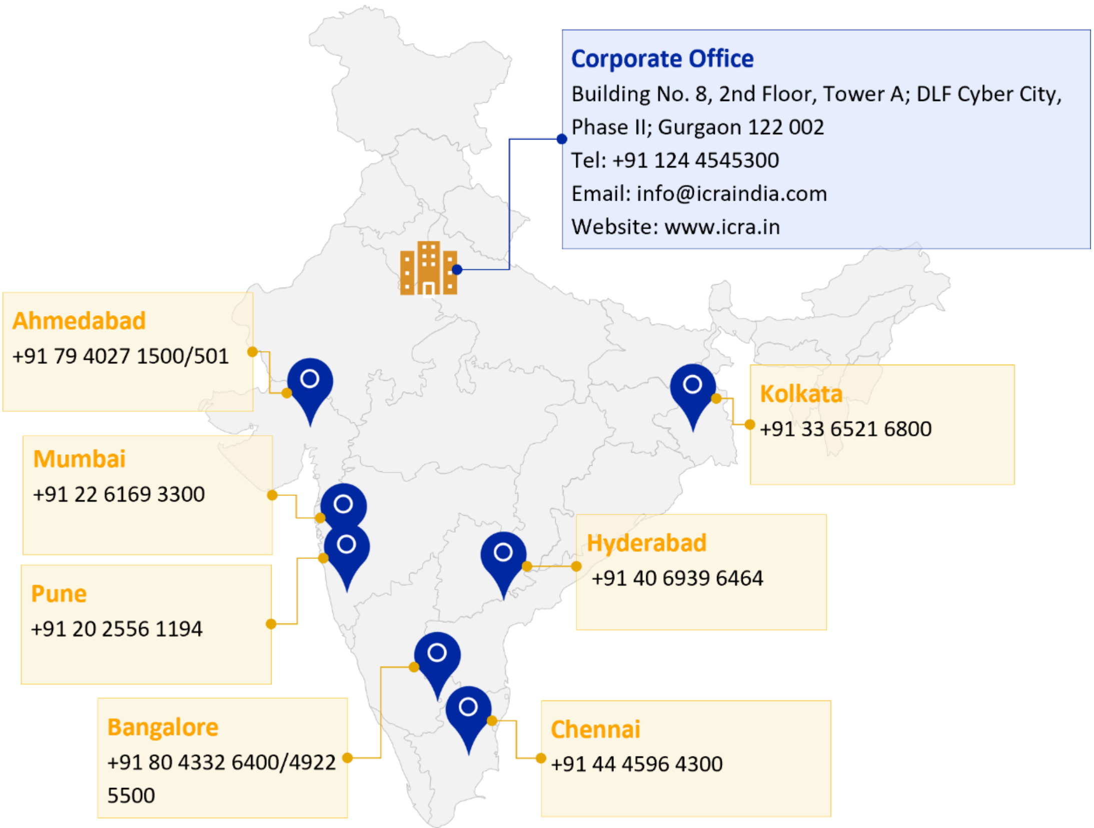

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