

Rating Rationale

12 June 2026

**ICFL CORPORATION FEB 2020
Originator- Indostar Capital Finance Limited (ICFL)**

Brickwork Ratings reaffirms the ratings BWR A (SO)/ Stable for the Assignee Payouts issued by ICFL CORPORATION FEB 2020 backed by MSME loan receivables originated by IndoStar Capital Finance Limited.

Particulars

Transaction	Instrument**	Amount (Rs Cr)			Tenure	Rating*	
		Original	Previous	Present		Previous 13 Jun 2025	Present
ICFL CORPORATION FEB 2020	Assignee Payouts under PCG Scheme for MSME loans pool	41.35	6.54	6.47	Long Term	BWR A (SO) /Stable Reaffirmed	BWR A (SO) /Stable Reaffirmation
	Total	41.35	6.54	6.47	Rupees Six Crores and Forty Seven Lakhs Only		

*Please refer to the BWR website www.brickworkratings.com/ for the definition of the ratings.

**Details of the Instrument is provided in Annexure-II

SO-Structured Obligation. The SO Rating is assigned for Securitisation/Structured Finance Products. The Ratings with the symbol SO are based on credit enhancement / structured cash flow in the form of a fixed deposit kept with Union Bank of India. BWR has factored in the availability of cash flows of the underlying pool, and the credit support available in the form of cash collateral available in the form of fixed deposits (11.80% of initial pool principal, it was at 12.50% of initial pool principal).

RATING ACTION / OUTLOOK: REAFFIRMATION/STABLE

BWR reaffirms the rating at ‘BWR A (SO)/ Stable’ for the Assignee Payouts under the Partial Credit Guarantee (PCG) scheme backed by MSME loan receivables originated by IndoStar Capital Finance Limited (ICFL or the company), as tabulated above. The rating reaffirmation factors in the strength of the cash flows of the underlying pool, credit enhancement available as cash collateral in the form of fixed deposits, ICFL’s servicing capabilities, and the transaction's structured cash flow payment mechanism.

Catalyst Trusteeship Limited (CTL) is the trustee who monitors the transaction on behalf of the assignee/Investor. Credit Enhancement in the form of a Fixed Deposit equivalent to 11.80% of the initial pool (75.42% of the outstanding pool) was created with Union Bank of India.

The Stable outlook indicates no expected change in rating in the near to medium term, with the consistency of the cash flows of the underlying pool and adequacy of credit enhancement.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

The transaction is a Direct Assignment of receivables pertaining to a pool of MSME -Priority Sector. The settlements will be on a monthly basis. The originator will transfer all cash flows of the underlying pool to the bank. The collection cycle will be from the 1st to the 31st (last day) of the previous month and shall be remitted to the assignee bank on the 15th of the current month. Hence, all cash flows shall be shared with the bank on the 15th day of the month. The loans identified for transfer shall be subject to the Assignee's due diligence and agreed eligibility criteria.

KEY RATING DRIVERS

CREDIT STRENGTHS:-

- Credit enhancement is available in the form of Fixed Deposits equivalent to 75.42% of the outstanding Balance POS after the May 2026 Payout, increased from 12.50% of the initial pool principal; however, reduced from 79.15% of the outstanding POS of May 2025.
- 84.35% of the pool is amortised after the May 2026 payout, resulting in higher credit enhancement available to cover balance investor payouts.

CREDIT RISK:-

- Moderate track record of payment in the initial pool

CREDIT ENHANCEMENT:

There was a credit enhancement of 12.5% of the Initial Pool Principal (Rs 5.17 Crores), which is currently at Rs 4.88 Crores, increased to 75.42% of the outstanding POS of May 2026, in the form of a Fixed Deposit kept with Union Bank of India.

The Fixed Deposits are lien-marked in favour of the ICFL CORPORATION FEB 2020.

Payment Waterfall Mechanism

- a) Subject to sub-clause (b) below, on the relevant Payout Date, the proceeds realised from the Assets in the relevant calendar month and deposited in the Collection and Payout Account, and amounts realised or utilised from the Credit Enhancement and transferred to the Collection and Payout account in accordance with these presents will be utilised in the following order of priority:
 - (i) For the payment of any statutory or regulatory dues;
 - (ii) For payment of any and all expenses incurred by the Assignee Representative, alternate servicer, Rating Agency, legal counsel, Designated Bank and/or any other expenses incurred in relation to the Assets. Notwithstanding the aforesaid payment made by the Assignee, the Assignee shall be entitled to reimbursement from the Assignor and/or the Servicer, as the case may be, of the amount paid, in the event that the Assignor and/or the Servicer, as the case may be, has undertaken to bear any of the said expenses in terms of this Deed and/or the Servicer Agreement, as the case may be;
 - i. For making payment of the Assignee Payouts;
 - ii. For payment to enable reinstatement of the Credit Collateral, to its stipulated level;

- iii. The residual amount, if any, shall be paid to the Assignor on a monthly basis.
- b) In the event that the monies deposited in the Collection and Payout Account on any Ascertainment Date in terms of this Deed include monies that are recovered/realised from the Loans with respect to which the Partial Credit Guarantee was invoked, then the monies recovered/realised from such Loans shall be utilised only to make payments to the GOI to the extent of the amounts invoked for the said Loans.
- c) In the event that any monies are collected towards any charges/expenses/penalties incurred towards follow-up and/or security enforcement on account of the defaults by the Obligors and/or cheque bounce charges, the said monies shall be retained by the Servicer.
- d) The Assignee Representative shall be responsible for making the Assignee Payouts out of the monies deposited in the Collection and Payout Account on the Payout Date in accordance with the provisions of this Deed, and the same shall be paid by way of electronic funds transfer.

The Servicer Fee shall be borne by the Assignee directly, and the Assignee agrees and undertakes to make payment of the Servicer Fees to the Servicer by transfer of the same to such account of the Servicer as may be advised by the Servicer from time to time in accordance with the Servicer Agreement.

Details of the Nature of Underlying Assets and Pool Characteristics (As per the initial pool)

- The initial pool was Rs 41.35 Cr. Around 84.35% of the pool has been amortized and the present outstanding is Rs 6.47 Cr as per the May 2026 payout.
- Initially, the number of contracts in the pool was 35 and currently, after the May 2026 payout, it is 7.
- The pool comprises MSME Loans (Priority Sector) given against property.
- All loan accounts in the pool are given to self-employed individuals at floating interest rates.
- Average tenure is ~15 years, with 70.39% of the pool having a tenure between 15-20 years.
- Geographic concentration of Tamil Nadu, with 56.80% of the pool present in the state, followed by Gujarat (25.53%)
- Average seasoning of the pool was ~19 months, with 47.70% of the pool outstanding having seasoning between 15-25 months
- As per the initial pool, 37.56% of the pool loans have an LTV below 50%, and 64.70% of the pool has an interest rate between 11-12%

Pool Performance Summary

The Initial Pool Outstanding was Rs 41.35 Cr, and the Current Pool Outstanding after the May 2026 Payout stood at Rs 6.47 Cr. The pool is amortised to the extent of 84.35%. The 30+ Overdue Principal as a % of Balance Pool Outstanding (POS) was 0.03%, and 30+ Overdue Principal as a % of Initial POS was 0.005%, after the May 2026 payout. The 90+ Overdue Principal was 0.19%, and 90+ Overdue principal as a % of initial POS was 0.03% after the May 2026 payout. Cash Collateral as % of Balance POS stood at 75.42%. Overall, the Pool performance was satisfactory.

ANALYTICAL APPROACH

The rating is based on the analysis of the past performance of the portfolio, key characteristics and composition of the current pool, performance expected over the balance tenure of the pool and the credit enhancement available in the transaction.

RATING SENSITIVITIES:

The rating is driven by the strength of cash flows of the underlying pool, credit enhancement in the form of fixed Deposits equivalent to 12.50% of the initial pool principal (Now increased to 75.42%).

Positive:

- Substantial increase in the credit enhancement available in the structure and lower than expected delinquencies.

Negative:

- Any deterioration in the credit enhancement, worsening of the assumptions about the base case peak shortfall above 12%, substantial deterioration in the credit profile of the originator, or deterioration in the collections of the pool, will be key rating monitorables.

LIQUIDITY: ADEQUATE

The credit cum liquidity enhancement available in the transaction was Rs 4.88 Cr (75.42% of the outstanding Balance of the pool principal) in the form of lien marked fixed deposit with Union Bank of India

Key Rating Assumptions

To assess the collection shortfalls and gross default rates for this transaction, BWR had analysed the initial pool characteristics vis-a-vis the overall portfolio of the company, the performance of static pool of the loan portfolio and the current operating environment that could impact the performance of the underlying pool contracts and the prepayment rate. BWR expects the base case peak shortfall in the pool to be in the range of 8.00% – 8.50% of pool principal. The credit enhancement of cash collateral has been reduced slightly from the initial amount of Rs 5.17 Crores to Rs 4.88 Crores; however, the same is still adequate to cover the principal outstanding of Rs 6.47 Crores.

Counterparty Details:

Capacity	Counterparty Name	Counterparty Ratings/ Track Record	Impact on credit rating in case of non-performance
Originator & Seller	Indostar Capital Finance Limited	CRISIL AA-/Stable CRISIL A1+ Reaffirmed 28 July 2025 CARE AA-; Stable Reaffirmed 08 April 2026	Negligible impact
Collection and servicing agent	Indostar Capital Finance Limited	CRISIL AA-/Stable CRISIL A1+ Reaffirmed 28 July 2025 CARE AA-; Stable Reaffirmed 08 April 2026	Significant impact because of a change in servicing quality and the replacement cost of the servicer. However, currently, BWR does not envisage the need for replacement. The Trust or investor has the right to change the servicer with an intimation to BWR.
Collection & Payout Account Bank	Union Bank of India	BWR AAA/ Stable Reaffirmed 18 Sept 2025	Negligible Impact. A bank account can be changed without impacting the rating.
Trustee	Catalyst Trusteeship Limited	Adequate Track Record	Negligible impact. It can be replaced with minimal cost.
Cash Collateral in the form of fixed deposits	Union Bank of India	BWR AAA/ Stable Reaffirmed 18 Sept 2025	Negligible impact, the bank with which the fixed deposit is maintained can be changed without impacting the rating.

Originators, their track record, Financials, and Trend Analysis.

IndoStar Capital Finance Ltd. (ICFL) is registered with the Reserve Bank of India (RBI) as a systemically important non-deposit-taking NBFC. Brookfield Asset Management is the largest shareholder and holding 55.98% as on 31st Dec 2025, which is the ultimate holding entity of the Brookfield group, is listed on the New York Stock Exchange and the Toronto Stock Exchange.

The company enjoys strong support from the Institutional Investor Brookfield, as evident from representation in the Board of Directors, and this provides significant financial flexibility to Indostar. The company's focus is to become a retail-oriented NBFC catering to small and medium CV owners and catering to the affordable housing segment. The company got listed in May 2018.

ICFL has management with vast experience in the financial sector. Ms. Naina Krishna Murthy is the Chairman, and Mr Bobby Parikh is the Non-Executive Independent Director of the company. Mr Karthikeyan Srinivasan is the CEO of the company.

ICFL started with SME from 2015 and CV Financing from May 2017 onwards, with an intent to increase retail assets in the overall loan book and to have a diversified and granular portfolio. As of 31 Dec 2025, the assets under management aggregated Rs. 7692 Cr, comprising vehicle finance accounting for 92.99%, followed by small and medium enterprise (SME) financing 3.77%, micro loan against property (LAP) 1.67%, and residual wholesale book

Key Financial Performance on Consolidated Basis of IndoStar Capital Finance Ltd

Particulars	Units	31 Mar 2023 (Audited)	31 Mar 2024 (Audited)	31 Mar 2025 (Audited)
AUM	Rs. Cr.	7813	8763	11053
Net Worth	Rs. Cr.	3112	3102	3426
Total Income	Rs. Cr.	599.4	544.1	671.6
Net Profit	Rs. Cr.	225.2	120.5	115.8
GNPA	%	6.8	4.97	4.52
NNPA	%	3.23	2.09	2.46
CRAR	%	31.5	28.9	25.8

Past-rated pools

BWR Ratings has outstanding ratings on securitisation transactions originated by IndoStar Capital Finance Limited. BWR Ratings is receiving monthly performance reports pertaining to these transactions.

RATING HISTORY FOR THE PREVIOUS THREE YEARS (Including withdrawal and suspended)

Sr. No	Instrument	Type	Present Amount (Rs Cr)	Present Rating (Jun 2026)	Rating History		
					13-Jun-2025	20-Jun-2024	22-Jun-2023
1	Assignee Payouts	Long Term	6.47	BWR A (SO) /Stable Reaffirmation	BWR A (SO) /Stable Reaffirmed	BWR A (SO) /Stable Reaffirmed	BWR A (SO) /Stable Reaffirmed

RATING MIGRATIONS TO SPECULATIVE CATEGORIES AND DEFAULTS: NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: No non-cooperation with other rating agencies.

COMPLEXITY LEVELS OF THE INSTRUMENTS: Highly Complex

For more information, visit <http://www.brickworkratings.com/download/ComplexityLevels.pdf>

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Rating Criteria for Securitization Transactions](#)
- [Approach to Financial Ratios](#)

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ANNEXURE I
Details of Bank Loan Facilities rated by BWR: NA

ANNEXURE II
INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS:

Instrument	First Payout Date	Amount (Rs. Cr.)#	Coupon Rate (%)	Last Payout Date	ISIN	Complexity
Assignee Payouts	15 February 2020	6.47	8.80%	15 June 2035	NA	Highly Complex

Amount outstanding after May 2026 payout.
<http://www.brickworkratings.com/download/ComplexityLevels.pdf>

ANNEXURE III
List of entities consolidated: NA

List of instruments and regulators

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Instrument/Activity	Regulator
Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA-
Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) ¹	SEBI
Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)- ¹	SEBI
Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)- ¹	RBI
Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis - ²	RBI
External Commercial Borrowings and other similar borrowings	RBI
Certificates of Deposit	RBI
Fixed Deposits raised by NBFC's, Banks, HFCs, Fis	RBI
Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
Inter Corporate Deposits/Loans extended by Corporates	MCA
Borrowing programme - ³	-
Issuer Ratings ⁴	-
Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
Listed Security Receipts	SEBI
Unlisted Security Receipts	RBI
Independent Credit Evaluation (ICE)	RBI
Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	RBI
Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) - ¹	Investor-side Regulator such as IRDAI, PFRDA ⁵
Monitoring Agency	SEBI
Research activities, incidental to rating, such as research for Economy, Industries and Companies ⁶	NA

1. Includes securitisation transactions involving assignee payout, acquirer's payout.
2. Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
3. The rated instrument may involve the issuance of different instruments, such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), BWR shall separately capture the rated quantum details along with the names of respective regulators.
4. There is no instrument being rated, and hence, the Regulator of the Instrument is not applicable.
5. These ratings were assigned during the regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side regulators have been included.
6. Permitted by SEBI vide SEBI Master Circular for CRAs

Grievance Management: For any grievances relating to rating of instruments regulated by SEBI, please contact sebigrievance@brickworkratings.com. Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available

For any grievances relating to rating of instruments regulated by other FSR (Financial Sector Regulators), please contact grievance@brickworkratings.com

About Brickwork Ratings

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI]. BWR is the 5th agency to get a credit rating registration in India in 2009 and its corporate office in Bengaluru. It has a country-wide presence with representatives in 150+ locations. Canara Bank is Brickwork's strategic partner and promoter.

Brickwork offers credit ratings of Bank Loan, Non-convertible/convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

Disclaimer

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