

Universe Trust Dec 2024

Originator: IKF Finance Limited

January 28, 2026

Instrument [#]	Amount (₹ crore) [@]	Balance Tenure (months) [*]	Credit Enhancement [§] (₹ crore)			Rating ¹	Rating Action
			Cash Collateral	Over Collateral	Principal Subordination		
Series A1(a) PTCs	29.91	56	7.49	3.88	8.99	CARE AAA (SO)	Reaffirmed
Series A1(b) PTCs	37.00					CARE AAA (SO)	Reaffirmed
Series A2 PTCs	8.99				-	CARE A+ (SO)	Reaffirmed

Details of instruments/facilities in Annexure-1.

[#]The interest payment for both Series A1(a) PTCs and Series A1(b) PTCs are promised on monthly basis and payment of principal is promised on or before the last scheduled payout date; Series A2 PTCs are rated on ultimate payment of principal (after full repayment of Series A1(a) PTCs and Series A1(b) PTCs).

[@]After December 2025 payout.

^{*}Tenure/door-to-door maturity may change due to prepayments or changes in interest rates if any.

[§]EIS shall flow back to the originator per waterfall mechanism.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed ratings of the Series A1(a) PTCs, Series A1(b) PTCs, and Series A2 PTCs issued by Universe Trust Dec 2024, backed by Vehicle Finance and Construction Equipment loan receivables originated by IKF Finance Limited (IKFFL), at 'CARE AAA (SO)' [pronounced as Triple A (Structured Obligation)], 'CARE AAA (SO)' [pronounced as Triple A (Structured Obligation)] and at 'CARE A+ (SO)' [pronounced as Single A plus (Structured Obligation)], respectively.

Reaffirmation in ratings is primarily based on the performance of underlying loans in the last 11 months post-securitisation, robust legal structure, well-defined payment mechanism, significant build-up in cash collateral (CC) and over collateral (OC) – as a percentage of the balance amount of pass-through certificates (PTCs), the subordination of Series A2 PTCs (Only for Series A1(a) PTCs and Series A1(b) PTCs) excess interest spread (EIS), the servicing capability and overall performance of IKFFL.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors - Factors that could, individually or collectively, lead to positive rating action/upgrade:

For Series A1(a) and Series A1(b) PTCs:

None

For Series A2 PTCs:

- Delinquencies (90+ days past due [DPD] as percentage of initial principal outstanding [POS]) of less than 2% and the sustained high collection efficiency (cumulative collection efficiency of over 98%).
- Sustained build-up of CC of over 2x the initial proposed (as a percentage of the balance POS).

Negative factors - Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Delinquencies (90+ DPD as percentage of initial POS) of over 5% and the sustained lower collection efficiency (cumulative collection efficiency of less than 90%).
- Deterioration in the credit profile of the originator.
- Utilisation of CC.
- Non-adherence to key transaction terms envisaged at the time of the rating.

Analytical approach

The rating reaffirmation is based on inter alia, observed and expected performance of pool, presence of credit enhancement, and adherence to the transaction structure.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications

Detailed description of key rating drivers

Pool performance:

The pool has amortised by ~47% in 11 months post-securitisation. As of December 2025 payout, overdue (OD) (as a percentage of initial pool POS) is 1.81% and CC, which is in the form of FD stands at 9.39% (as percentage of balance pool POS) with nil utilisation. The credit enhancement (CE) available is sufficient to sustain for the balance tenure.

Pool summary (as of December 2025 payout)	
Months post-securitisation	11
Pool amortisation	46.77%
30+ delinquency (percentage of the initial pool POS)	7.78%
90+ delinquency (percentage of the initial pool POS)	0.54%
Overdue amount (percentage of the initial pool POS)	1.81%
Cumulative Collection Efficiency (CCE)	96.30%
CC (percentage of the balance PTC POS)	9.87%
Cumulative prepayments	11.16%

Key strengths:

- CC as a percentage of balance PTC POS is ~10%, which remains unutilised, and OC, which is ~5% of balance PTC POS.
- Cumulative collection efficiency stands at 96.30%.
- The pool has performed on expected lines for 11 months (post-securitisation) and has amortised by ~47%.
- Well-defined payment mechanism and adherence to the transaction structure.
- The 90+ DPD in the pool is low at 0.54% (as percentage of initial pool POS).

Key weaknesses:

- Moderate delinquency with OD of 1.81% (as a percentage of initial pool POS).
- High borrower concentration with top 10 borrowers accounting for ~19% (as a percentage of balance pool POS).

Liquidity:

For Series A1(a) PTCs and Series A1 (b) PTCs: Strong

The inherent liquidity in the structure is Strong. Interest payouts for Series A1(a) and Series A1(b) PTCs are promised monthly, while principal of Series A1(a) and Series A1(b) PTCs is promised to be paid by final legal maturity. In case of delinquencies, payouts are expected to be supported by CE consisting of CC, subordinated Series A2 PTCs, OC, and EIS.

For Series A2 PTCs: Adequate

Inherent liquidity in the structure for Series A2 PTCs is adequate, and it is supported by CC, OC, and EIS.

Key rating assumptions and adequacy of credit enhancement:

CareEdge Ratings has analysed the transaction to assess whether the CE is sufficient to cover shortfalls. Since the transaction is sensitive to the credit quality of the underlying pool, CareEdge Ratings has analysed the performance of the pool and the overall portfolio performance of the originator. Considering the borrower profile and the nature of the loan, the pool characteristics and the portfolio performance, CareEdge Ratings has taken the average shortfall from 4.50%-5.50% of the POS. The base case shortfalls were stressed along with other key factors such as the timing of shortfalls, the recovery assumptions, and the time to recovery. CareEdge Ratings has found that the CE provided is sufficient to cover shortfalls in a stress scenario commensurate with the assigned rating. The pool cash flow has been further adjusted for prepayments of underlying loans, assuming monthly prepayments in the range of 0.50%-1.00%.

Key risks, concerns, and mitigants:

The securitisation transaction involves several risks, including credit risk from borrower defaults, commingling risk due to time lags in fund deposits, prepayment risk from early principal repayments, servicer bankruptcy risk, legal risk regarding the validity of receivable transfers, and counterparty risk involving transaction parties. These risks are factored while assigning rating, wherever needed, and partially mitigated through credit enhancements, separate record-keeping, credit rating/profile of the originator, transaction structuring, true sale of receivables, legal opinion from independent legal counsel. The transaction structure also has provision to change counterparties, such as trustee and banker among others.

Applicable criteria

[Policy on Default Recognition](#)

[CARE Ratings' methodology for asset/mortgage-backed securitisation](#)

About the Originator / Servicer and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Securitisation

IKF was originally incorporated as IndraKeela Financiers Private Limited in 1991. The company became a closely held public company in 1994 under the name IKF Finance & Investments Limited and launched a public issue in 1995, with shares listed on the Bombay Stock Exchange (BSE) and Ahmedabad Stock Exchange. In 1998, the company was renamed IKF Finance Limited, and its shares were subsequently delisted on February 18, 2015.

IKF is a registered non-deposit-taking middle layer non-banking financial company (NBFC), primarily engaged in financing used vehicles and small and medium enterprise (SME) loans. As on September 30, 2025, vehicle financing accounts for 94% of its assets under management (AUM), while SME financing (including loans to NBFCs) constitutes 6%. The company is promoted by VGK Prasad, Chairman, with over three decades of industry experience, and managed by Vasumathi Devi, Managing Director. Promoter shareholding stands at 36.92%, followed by Norwest Capital LLC (24.71%), Motilal Oswal Alt (15.87%), CREATOR (11.89%), and others.

IKF has a strong presence in South India—Andhra Pradesh, Telangana, Karnataka, and Tamil Nadu—and has expanded into Gujarat, Maharashtra, Madhya Pradesh, Rajasthan, and Odisha in recent years. It operates at 199 branches as on September 30, 2025. The company also owns a wholly owned subsidiary, IKFHF, which offers home loans, refinancing solutions, and loan against property (LAP). IKFFL is engaged in Vehicle Finance and Construction Equipment loan business for over 11 years and is an active player in securitisation/bilateral market and as on November 30, 2025, IKFFL has over 35 such live pools with initial size amounting to ~₹1,800 crore.

Key financial indicators - IKFFL

Brief financials (₹ crore)	FY24 (A)	FY25 (A)	H1FY26 (P)
Total income	437.5	660.1	406.9
Profit after tax (PAT)	76.9	107.9	64.9
Assets under management (AUM)	3,775.2	5,194.8	5,714.4
On book gearing (x)	3.1	4.0	2.3
AUM / Tangible net worth (TNW) (x)	4.3	5.3	3.3
Gross Non-performing assets (GNPA) (%)	2.3	2.1	2.5
Net Non-performing assets (NPA) (%)	1.8	1.5	1.7
Return on managed assets (ROMA) (%)	2.2	2.2	2.1
Return on total assets (ROTA) (%)	2.4	2.5	2.4
Capital adequacy ratio (CAR) (%)	26.5	20.9	30.9

A: Audited; P: Provisional; Note: these are latest financial results available

Key terms of Servicer Contract:

The servicing agreement has covered role of the originator as the Collection and Payment Agent (CPA) for the special purpose vehicle (SPV) in managing collections from underlying borrowers, who have consented to such assignment through provisions incorporated in the respective loan agreements. The Servicer (originator) follows its standard procedures for collections, including recovery actions, and ensures timely transfers of funds to the SPV under an M+1 payment structure. The trustee monitors the sufficiency of funds for investor payouts one day prior to payout date and utilises CC in case of shortfall. The Servicer is also submitting detailed reports on billing, collections (including prepayment), overdue amounts with aging thereof, cash flow schedules to the trustee and such other information as may be required by the trustee. The terms of the agreement have provisions for the appointment of an alternate servicer in case of servicer event of default.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Nil

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instruments/facilities: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Pass-through Certificates	INE1JVV15011	28-01-2025	9.40%	17-08-2030	29.91	CARE AAA (SO)
Pass-through Certificates	INE1JVV15029		9.40%		37.00	CARE AAA (SO)
Pass-through Certificates	INE1JVV15037		-		8.99	CARE A+ (SO)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Pass-through Certificates	LT	29.91	CARE AAA (SO)	-	1)CARE AAA (SO) (06-Feb-25) 2)Provisional CARE AAA (SO) (27-Jan-25) 3)Provisional CARE AAA (SO) (02-Jan-25)	-	-
2	Pass-through Certificates	LT	37.00	CARE AAA (SO)	-	1)CARE AAA (SO) (06-Feb-25) 2)Provisional CARE AAA (SO) (27-Jan-25) 3)Provisional CARE AAA (SO) (02-Jan-25)	-	-
3	Pass-through Certificates	LT	8.99	CARE A+ (SO)	-	1)CARE A+ (SO) (06-Feb-25)	-	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
						2)Provisional CARE A+ (SO) (27-Jan-25) 3)Provisional CARE A+ (SO) (02-Jan-25)		

LT- Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of Instrument	Complexity Level
1.	Pass-through Certificates	Highly complex

Annexure-5: Lender details

Not applicable

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 044-2850 1000 E-mail: pradeep.kumar@careedge.in	Analytical Contacts Vineet Jain Senior Director CARE Ratings Limited Phone: +91-22-6754 3456 E-mail: vineet.jain@careedge.in Sriram Rajagopalan Director CARE Ratings Limited Phone: +91-22-6754 3652 E-mail: sriram.rajagopalan@careedge.in Chirag Gambhir Associate Director CARE Ratings Limited Phone: +91-22-6754 3423 E-mail: chirag.gambhir@careedge.in
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