Mr. Mathew Cherian
Managing Director
Kosamattam Finance Limited
Kosamattam City Centre, Floor 4th & 5th Floor,
T.B. Road, Kottayam,
Kerala 686001

July 29, 2025

Dear Sir/Madam,

Re: Rating Letter for Kosamattam Finance Limited

India Ratings and Research (Ind-Ra) has upgraded Kosamattam Finance Limited's (KFL) non-convertible debentures (NCDs) and bank loans to 'IND A' with a Stable Outlook from 'IND A-'. The instrument-wise rating actions are as follows:

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Non-convertible debentures*	-	-	-	INR24,446.45 (reduced from INR26,462.67)	IND A/Stable	Upgraded
Bank loans	-	-	-	INR29,500	IND A/Stable	Upgraded
Non-convertible debentures^*				INR4,000	IND A/Stable	Assigned

Mathew K. Cherian
Digitally signed by Mathew K. Cherian
Date: 2025.08.11 10:49:09 +05'30'

*Details in annexure
^Yet to be issued

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

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India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

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It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, “India Ratings” means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at infogrp@indiaratings.co.in

Sincerely,

India Ratings

K Gupta
Karan Gupta
Director

India Ratings & Research
A Fitch Group Company

FitchGroup

Annexure: Facilities Breakup

Instrument Description	Banks Name	Ratings	Outstanding/Rated Amount(INR million)
Term loan	AK Capital Finance Limited	IND A/Stable	118.42
Term Loan	AK Capital Finance Limited	IND A/Stable	153.00
Cash Credit	Bandhan Bank	IND A/Stable	10.00
Term Loan	Bandhan Bank	IND A/Stable	504.38
Term Loan	Bandhan Bank	IND A/Stable	1009.04
Term Loan	Bandhan Bank	IND A/Stable	200.23
Cash Credit	Bank of Baroda	IND A/Stable	300.00
Term Loan	Bank of Baroda	IND A/Stable	363.63
WCDL	Bank of Baroda	IND A/Stable	250.00
WCDL	Bank of Baroda	IND A/Stable	200.00
Term Loan	Bank of Baroda	IND A/Stable	254.54
Term Loan	Bank of Maharashtra	IND A/Stable	142.33
Term Loan	Bank of Maharashtra	IND A/Stable	596.10
Term Loan	Bank of Maharashtra	IND A/Stable	388.39
Term Loan	Canara Bank	IND A/Stable	26.00
Term Loan	Canara Bank	IND A/Stable	124.70
Term Loan	City Union Bank	IND A/Stable	241.66
WCDL	CSB Bank Limited	IND A/Stable	300.00
WCDL	CSB Bank Limited	IND A/Stable	200.00
WCDL	CSB Bank Limited	IND A/Stable	350.00
WCDL	CSB Bank Limited	IND A/Stable	120.00
WCDL	CSB Bank Limited	IND A/Stable	30.00
WCDL	DCB Bank	IND A/Stable	200.00
WCDL	DCB Bank	IND A/Stable	550.00
Cash Credit	Dhanlaxmi Bank	IND A/Stable	150.00
WCDL	Dhanlaxmi Bank	IND A/Stable	350.00
Term Loan	Dhanlaxmi Bank	IND A/Stable	450.00
Term Loan	Equitas Small Finance Bank	IND A/Stable	97.10
Term Loan	Equitas Small Finance Bank	IND A/Stable	38.36
Cash Credit	Federal Bank	IND A/Stable	8.00
WCDL	Federal Bank	IND A/Stable	12.00
WCDL	Federal Bank	IND A/Stable	300.00
WCDL	Federal Bank	IND A/Stable	300.00
Term Loan	Federal Bank	IND A/Stable	83.33
Term Loan	Federal Bank	IND A/Stable	375.00

Term Loan	Federal Bank	IND A/Stable	333.20
Cash Credit	IDFC First Bank	IND A/Stable	20.00
WCDL	IDFC First Bank	IND A/Stable	30.00
Term Loan	IDFC First Bank	IND A/Stable	374.99
Term Loan	IDFC First Bank	IND A/Stable	1050.00
Cash Credit	Indian Bank	IND A/Stable	40.00
WCDL	Indian Bank	IND A/Stable	60.00
Term Loan	Indian Bank	IND A/Stable	63.10
Term Loan	Indian Overseas Bank	IND A/Stable	471.80
WCDL	IndusInd Bank Limited	IND A/Stable	250.00
WCDL	IndusInd Bank Limited	IND A/Stable	250.00
WCDL	IndusInd Bank Limited	IND A/Stable	125.00
WCDL	IndusInd Bank Limited	IND A/Stable	125.00
Term Loan	Jana Small Finance Bank	IND A/Stable	27.08
Term Loan	Jana Small Finance Bank	IND A/Stable	111.11
Term Loan	Jana Small Finance Bank	IND A/Stable	244.44
Term Loan	Jana Small Finance Bank	IND A/Stable	337.77
Cash Credit	Karur Vysya Bank	IND A/Stable	50.00
WCDL	Karur Vysya Bank	IND A/Stable	200.00
WCDL	Karur Vysya Bank	IND A/Stable	250.00
Term Loan	Karur Vysya Bank	IND A/Stable	136.36
Term Loan	Karur Vysya Bank	IND A/Stable	159.09
WCDL	Karur Vysya Bank	IND A/Stable	250.00
Term Loan	Kerala Financial Corporation	IND A/Stable	424.92
Term Loan	Kookmin Bank	IND A/Stable	255.00
WCDL	Kotak Mahindra Bank	IND A/Stable	150.00
Term Loan	Kotak Mahindra Bank	IND A/Stable	24.99
WCDL	Kotak Mahindra Bank	IND A/Stable	150.00
Term Loan	SBM Bank (India) Limited	IND A/Stable	133.33
Cash Credit	South Indian Bank	IND A/Stable	200.00
WCDL	South Indian Bank	IND A/Stable	300.00
Term Loan	South Indian Bank	IND A/Stable	125.00
Cash Credit	State Bank of India	IND A/Stable	700.00
Term Loan	State Bank of India	IND A/Stable	141.86
Term Loan	State Bank of India	IND A/Stable	252.27
WCDL	State Bank of India	IND A/Stable	300.00
WCDL	State Bank of India	IND A/Stable	250.00
WCDL	State Bank of India	IND A/Stable	250.00
WCDL	State Bank of India	IND A/Stable	300.00
Term Loan	STCI Finance Limited	IND A/Stable	250.00

Term Loan	UCO Bank	IND A/Stable	33.28
Term Loan	UCO Bank	IND A/Stable	87.48
Term Loan	UCO Bank	IND A/Stable	187.47
WCDL	Ujjivan Small Finance Bank	IND A/Stable	300.00
Cash Credit	Union Bank of India	IND A/Stable	300.00
WCDL	Union Bank of India	IND A/Stable	450.00
Term Loan	Woori Bank	IND A/Stable	208.33
Bank Loan(Unutilised)	NA	IND A/Stable	9970.77

Annexure: ISIN

Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Ratings	Outstanding/Rated Amount(INR million)
NCD (Unsecured)	INE403Q08092	08/01/2018	10	07/05/2025	WD	186.00
NCD (Unsecured)	INE403Q08100	08/01/2018	0	07/05/2025	WD	114.00
NCD (secured)	INE403Q07912	23/04/2018	0	22/08/2025	IND A/Stable	166.00
NCD (Unsecured)	INE403Q08118	24/09/2018	10.25	23/09/2025	IND A/Stable	73.00
NCD (Unsecured)	INE403Q08126	24/09/2018	0	23/09/2025	IND A/Stable	212.00
NCD (Unsecured)	INE403Q08134	31/01/2019	10.25	30/01/2026	IND A/Stable	50.00
NCD (Unsecured)	INE403Q08142	31/01/2019	0	30/01/2026	IND A/Stable	148.00
NCD (Unsecured)	INE403Q08159	06/05/2019	10.25	05/05/2026	IND A/Stable	41.00
NCD (Unsecured)	INE403Q08167	06/05/2019	0	05/05/2026	IND A/Stable	130.00
NCD (Unsecured)	INE403Q08175	21/08/2019	10.25	20/08/2026	IND A/Stable	53.00
NCD (Unsecured)	INE403Q08183	21/08/2019	0	20/08/2026	IND A/Stable	192.00
NCD (Secured)	INE403Q07AV7	10/12/2019	0	09/06/2025	WD	51.00
NCD (Secured)	INE403Q07AW5	10/12/2019	10.25	09/12/2026	IND A/Stable	103.00
NCD (Secured)	INE403Q07AX3	10/12/2019	0	09/12/2026	IND A/Stable	234.00
NCD (Secured)	INE403Q07BD3	29/05/2020	0	28/11/2025	IND A/Stable	84.00
NCD (Unsecured)	INE403Q08191	29/05/2020	10.25	28/05/2027	IND A/Stable	93.00
NCD (Unsecured)	INE403Q08209	29/05/2020	0	28/05/2027	IND A/Stable	180.00
NCD (Secured)	INE403Q07BK8	14/10/2020	10.25	13/10/2027	IND A/Stable	133.00
NCD (Secured)	INE403Q07BL6	14/10/2020	0	13/10/2027	IND A/Stable	181.00
NCD (Secured)	INE403Q07CJ8	18/04/2022	8.75	17/04/2025	WD	285.00
NCD (Secured)	INE403Q07CK6	18/04/2022	0	17/04/2025	WD	414.00
NCD (Secured)	INE403Q07CL4	18/04/2022	9.25	17/10/2025	IND A/Stable	261.00
NCD (Secured)	INE403Q07CM2	18/04/2022	9.5	17/04/2026	IND A/Stable	226.00
NCD (Secured)	INE403Q07CN0	18/04/2022	0	17/10/2026	IND A/Stable	258.00
NCD (Secured)	INE403Q07CO8	18/04/2022	10	17/04/2027	IND A/Stable	1183.00
NCD (Secured)	INE403Q07CP5	18/04/2022	0	17/08/2029	IND A/Stable	283.00
NCD (Secured)	INE403Q07DA5	16/01/2023	0	15/07/2025	WD	110.00
NCD (Secured)	INE403Q07DB3	16/01/2023	9	15/01/2026	IND A/Stable	337.00

NCD (Secured)	INE403Q07DE7	16/01/2023	0	15/04/2026	IND A/Stable	422.00
NCD (Secured)	INE403Q07DF4	16/01/2023	9.5	15/01/2027	IND A/Stable	1036.00
NCD (Secured)	INE403Q07DC1	16/01/2023	0	15/07/2027	IND A/Stable	217.00
NCD (Secured)	INE403Q07DD9	16/01/2023	0	15/05/2030	IND A/Stable	194.00
NCD (Secured)	INE403Q07DL2	29/04/2023	8.75	28/04/2025	WD	170.22
NCD (Secured)	INE403Q07DH0	29/04/2023	0	28/10/2025	IND A/Stable	122.85
NCD (Secured)	INE403Q07DN8	29/04/2023	9	28/04/2026	IND A/Stable	169.47
NCD (Secured)	INE403Q07DM0	29/04/2023	0	28/07/2026	IND A/Stable	189.47
NCD (Secured)	INE403Q07DG2	29/04/2023	9.5	28/04/2027	IND A/Stable	560.80
NCD (Secured)	INE403Q07DI8	29/04/2023	0	28/10/2027	IND A/Stable	114.39
NCD (Secured)	INE403Q07DJ6	29/04/2023	0	28/08/2030	IND A/Stable	114.52
NCD (Secured)	INE403Q07DO6	28/09/2023	0	27/05/2025	WD	316.00
NCD (Secured)	INE403Q07DT5	28/09/2023	8.75	27/09/2025	IND A/Stable	124.00
NCD (Secured)	INE403Q07DP3	28/09/2023	0	27/03/2026	IND A/Stable	97.00
NCD (Secured)	INE403Q07DU3	28/09/2023	9.25	27/09/2026	IND A/Stable	128.00
NCD (Secured)	INE403Q07DQ1	28/09/2023	0	27/12/2026	IND A/Stable	243.00
NCD (Secured)	INE403Q07DV1	28/09/2023	10	27/09/2027	IND A/Stable	883.00
NCD (Secured)	INE403Q07DS7	28/09/2023	0	27/03/2028	IND A/Stable	143.00
NCD (Secured)	INE403Q07DR9	28/09/2023	0	27/01/2031	IND A/Stable	66.00
NCD (Secured)	INE403Q07DX7	18/01/2024	0	17/07/2025	WD	370.00
NCD (Secured)	INE403Q07EE5	18/01/2024	8.75	17/01/2026	IND A/Stable	126.00
NCD (Secured)	INE403Q07DZ2	18/01/2024	0	17/07/2026	IND A/Stable	86.00
NCD (Secured)	INE403Q07DY5	18/01/2024	9.25	17/01/2027	IND A/Stable	135.00
NCD (Secured)	INE403Q07EB1	18/01/2024	0	17/04/2027	IND A/Stable	107.00
NCD (Secured)	INE403Q07ED7	18/01/2024	10	17/01/2028	IND A/Stable	951.00
NCD (Secured)	INE403Q07EC9	18/01/2024	0	17/07/2028	IND A/Stable	105.00
NCD (Secured)	INE403Q07EA3	18/01/2024	0	17/05/2031	IND A/Stable	81.00
NCD (Secured)	INE403Q07EK2	26/04/2024	0	25/10/2025	IND A/Stable	205.00
NCD (Secured)	INE403Q07EF2	26/04/2024	8.75	25/04/2026	IND A/Stable	147.00
NCD (Secured)	INE403Q07EJ4	26/04/2024	0	25/10/2026	IND A/Stable	76.00
NCD (Secured)	INE403Q07EL0	26/04/2024	9.5	25/04/2027	IND A/Stable	224.00
NCD (Secured)	INE403Q07EI6	26/04/2024	0	25/07/2027	IND A/Stable	156.00
NCD (Secured)	INE403Q07EM8	26/04/2024	10	25/04/2028	IND A/Stable	869.00
NCD (Secured)	INE403Q07EG0	26/04/2024	0	25/10/2028	IND A/Stable	66.00
NCD (Secured)	INE403Q07EH8	26/04/2024	0	25/08/2031	IND A/Stable	52.00
NCD (Secured)	INE403Q07EN6	07/08/2024	9	06/02/2026	IND A/Stable	469.00
NCD (Secured)	INE403Q07ES5	07/08/2024	9.25	06/08/2026	IND A/Stable	98.00
NCD (Secured)	INE403Q07EQ9	07/08/2024	9.41	06/02/2027	IND A/Stable	79.00
NCD (Secured)	INE403Q07ET3	07/08/2024	10	06/08/2027	IND A/Stable	447.00
NCD (Secured)	INE403Q07ER7	07/08/2024	9.75	06/11/2027	IND A/Stable	40.00

NCD (Secured)	INE403Q07EU1	07/08/2024	10.25	06/08/2029	IND A/Stable	140.00
NCD (Secured)	INE403Q07EP1	07/08/2024	10.67	06/08/2028	IND A/Stable	221.00
NCD (Secured)	INE403Q07EO4	07/08/2024	10.41	06/08/2031	IND A/Stable	108.00
NCD (Secured)	INE403Q07EV9	16/08/2024	11	01/06/2026	IND A/Stable	500.00
NCD (Secured)	INE403Q07FA0	12/12/2024	9	11/06/2026	IND A/Stable	320.00
NCD (Secured)	INE403Q07EX5	12/12/2024	9.25	11/12/2026	IND A/Stable	96.00
NCD (Secured)	INE403Q07FD4	12/12/2024	9.41	11/06/2027	IND A/Stable	97.00
NCD (Secured)	INE403Q07EY3	12/12/2024	10	11/12/2027	IND A/Stable	748.00
NCD (Secured)	INE403Q07EW7	12/12/2024	9.75	11/03/2028	IND A/Stable	60.00
NCD (Secured)	INE403Q07EZ0	12/12/2024	10.25	11/12/2029	IND A/Stable	158.00
NCD (Secured)	INE403Q07FB8	12/12/2024	10.67	11/12/2028	IND A/Stable	213.00
NCD (Secured)	INE403Q07FC6	12/12/2024	10.41	11/12/2031	IND A/Stable	71.00
NCD (Secured)	INE403Q07FE2	01/01/2025	10	31/12/2026	IND A/Stable	750.00
NCD (Secured)	INE403Q07FN3	13/03/2025	10	12/03/2027	IND A/Stable	1000.00
NCD (Secured)	INE403Q07FF9	15/04/2025	0	14/07/2028	IND A/Stable	86.41
NCD (Secured)	INE403Q07FG7	15/04/2025	9.5	14/04/2027	IND A/Stable	172.13
NCD (Secured)	INE403Q07FH5	15/04/2025	10	14/04/2028	IND A/Stable	884.59
NCD (Secured)	INE403Q07FI3	15/04/2025	0	14/04/2028	IND A/Stable	49.14
NCD (Secured)	INE403Q07FJ1	15/04/2025	0	14/04/2032	IND A/Stable	80.80
NCD (Secured)	INE403Q07FK9	15/04/2025	0	14/04/2029	IND A/Stable	243.47
NCD (Secured)	INE403Q07FL7	15/04/2025	10.25	14/04/2030	IND A/Stable	222.35
NCD (Secured)	INE403Q07FM5	15/04/2025	0	14/10/2026	IND A/Stable	261.06
NCD (Secured)	INE403Q07FQ6	01/07/2025	10	31/12/2027	IND A/Stable	750.00
NCD (Secured)	INE403Q07FZ7	09/07/2025	10.62	09/07/2027	IND A/Stable	250.00
NCD (Secured)	INE403Q07GA8	09/07/2025	10.62	09/07/2027	IND A/Stable	250.00
NCD (Secured)	INE403Q07FV6	24/07/2025	0	23/07/2032	IND A/Stable	124.70
NCD (Secured)	INE403Q07FU8	24/07/2025	10	23/07/2030	IND A/Stable	102.48
NCD (Secured)	INE403Q07FR4	24/07/2025	0	23/09/2029	IND A/Stable	157.38
NCD (Secured)	INE403Q07FW4	24/07/2025	10	23/01/2029	IND A/Stable	49.99
NCD (Secured)	INE403Q07FS2	24/07/2025	0	23/01/2029	IND A/Stable	30.11
NCD (Secured)	INE403Q07FX2	24/07/2025	10	23/07/2028	IND A/Stable	683.18
NCD (Secured)	INE403Q07FY0	24/07/2025	0	23/07/2028	IND A/Stable	204.95
NCD (Secured)	INE403Q07FT0	24/07/2025	0	23/01/2027	IND A/Stable	647.17
NCDs(unutilised)					IND A/Stable	4750.04

India Ratings Upgrades Kosamattam Finance’s NCDs & Bank Loans to ‘IND A’/Stable; Rates CP 'IND A1' & Additional NCDs

Jul 29, 2025 | Non Banking Financial Company (NBFC)

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Details of Instruments

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Bank loans	-	-	-	INR29,500	IND A/Stable	Upgraded
Non-convertible debentures^*				INR4,000	IND A/Stable	Assigned
Commercial paper^				INR1,000	IND A1	Assigned

*Details in annexure
^Yet to be issued

Analytical Approach

Ind-Ra continues to take a standalone view of KFL to arrive at the ratings.

Detailed Rationale of the Rating Action

The upgrade reflects Ind-Ra’s expectation of continued growth in the company’s operations over the medium term, driven by adequate internal accruals. The upgrade also reflects KFL’s consistent profitability, enhanced operational efficiency evident from the rise in assets under management (AUM) per branch, strong asset quality, controlled credit costs, and a more diversified funding profile with an increasing share of bank borrowings.

The ratings are also supported by the company’s expanding franchise, with AUM surpassing INR56,000 million and a growing presence in southern geographies. KFL has been able to maintain a stable asset quality through challenging periods such as the COVID-19 pandemic and demonetisation.

However, the ratings remain constrained by the company’s geographical concentration risk.

List of Key Rating Drivers

Strengths
- Sizeable scale of franchisee; maintained runaway growth
- Stable asset quality
- Improved funding profile
- Stable profitability metrics

Weaknesses
- Expanding footprint beyond southern states amid regional concentration

Detailed Description of Key Rating Drivers

Sizeable Scale of Franchisee; Maintained Runaway Growth: KFL has established a sizeable scale in the gold loan business, backed by over three decades of operating experience. The company has successfully navigated multiple business cycles, including periods of significant volatility in gold loan prices. Its franchise continues to expand, particularly in southern India, which accounts about 97% of its assets under management (AUM) as of March 2025, along with making gradual inroads into non-southern markets. Its AUM increased to INR56.8 billion in FY25 (FY24: INR53.10 billion, FY23: INR48.4 billion) with AUM per branch increasing to INR58.58 million (INR53.8 million, INR49 million) underscoring operational efficiency. KFL's capital position remains healthy, supported by a INR500 million rights issue in FY24, which helped boost its tier 1 capital ratio to 17.39% in FY25 (FY24: 16%; FY23: 14.6%). The company had a leverage of 5.0x in FY25. The company had a steady branch network of 971 branches as of FY25, and has plans underway to expand further in FY26, focusing on both core southern markets and select high-potential regions outside south.

Stable Asset Quality: The gross non-performing assets (GNPAs) declined to 1.0% in FY25 (FY24: 1.20%; FY23: 0.42%; FY22: 0.66%; FY21: 0.47%; FY20: 0.47%) as the company was able to auction its gold. The company had displayed considerable resilience during COVID-19 disruptions and reported a modest GNPA of 0.66% in FY22. Although the borrower class is vulnerable, the ultimate credit loss is limited due to the capping of the loan-to-value at 75%, as per regulatory requirements, at the time of disbursements and the liquid nature of the collateral. Being in the gold loan business, KFL's credit cost has always been modest and less volatile through the loan cycle, leading to better operating profit buffers. KFL maintains a risk filter, wherein a resolution is initiated as soon as the account goes overdue, leading to notice to the borrower. In case of a delay in repayment, it conducts auctions. The company auctioned gold worth INR637 million from April 2024 to March 2025. KFL did not post any losses in auctions and was able to recover the entire outstanding principal and interest amount. The agency believes maintaining of adequate loan-to-value buffers, and timely auctions and recoveries will be critical for KFL to sustain its stable asset quality.

Improved Funding Profile: KFL has strengthened its banking relationships since FY21, with the number of banks and financial institutions providing funding increasing to 39 as of March 2025 from 12 in 2021. The company has successfully diversified its lender base, securing funding from both public and private sector banks while increasing the percentage of bank borrowings to 47% in FY25 (FY24: 43%; FY23: 37%) with NCD and subordinated debt having 53% share (57%, 58%). This is also reflected in the cost of borrowing which remained stable at 10.5% (10.6%; 10.23%). While this shift indicates improving funding diversification, a sustained and meaningful increase in bank exposure over the medium term will remain a key monitorable.

Stable Profitability Metrics: KFL has consistently delivered profitability with profit after tax rising to INR 1,270 million in FY25 from INR800 million in FY22, supported by a return on assets (ROA) of 2.06% in FY25 (FY24: 1.9%; FY23: 1.87%). This performance has been aided by a stable cost of borrowing (FY25: 10.5%; FY24: 10.6%), and a controlled operating expense ratio of 3% relative to AUM (FY24: 3.2%; FY23: 3.5%). The yield on assets remained steady at 16.3% over FY24-FY25 (4QFY25 yield: 17.59%). Operating efficiency has been further supported by prior investments in technology, which have helped keep costs low and improve productivity. This is reflected in the increase in AUM per branch to INR58.58 million in FY25 (FY24: INR53.8 million; FY23: INR49 million). Credit costs have remained minimal at 0.1% in FY25 (FY24: 0.20%), owing to the company's focus on gold loans, which has lower risk.

The agency notes that the sustainability of KFL's profitability will hinge on its ability to enhance productivity, preserve margins, and maintain tight control over credit costs.

Expanding Footprint Beyond Southern States Amid Regional Concentration: KFL's portfolio is concentrated in southern India, with Tamil Nadu constituting around 59% of the gold loan portfolio at FYE25 (FYE24: 56%, FYE23: 54%; FYE22: 56%; FYE21: 53%; FYE20: 52%). Tamil Nadu, Kerala, Karnataka, Andhra Pradesh and Telangana accounted for around 97% of the gold loan portfolio at FYE25, as against AUM of 99% from southern India in FY24. As per the company's strategy, the portfolio is likely to remain concentrated in south India over the medium term. Also, on the funding side, the funds mobilised through the NCD route remained geographically concentrated, as a major portion is being raised from Kerala.

Liquidity

Adequate: As per KFL's FY25 asset-liability statement, the company had a matched asset-liability profile with a cumulative surplus in all-time buckets of up to one year. The average asset tenor was nine-to-12 months, and the average liability tenor was around 36 months at FYE25. This, along with the highly liquid nature of gold, helps KFL maintain a matched liquidity profile.

Rating Sensitivities

Positive: A positive rating action could result from significant and sustained profitable growth in the franchise, supported by the maintenance of adequate capital buffers, broader geographical presence, continued improvements in operational efficiency while deepening the management bandwidth.

Negative: Any sharp rise in delinquency, which could restrict capital and funding buffers, adverse regulatory developments that could impair the ability of the company to conduct its business and the leverage exceeding 6.0x on a sustained basis, could lead to a negative rating action.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on KFL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

Kerala-based KFL is a non-deposit taking non-banking financial company, lends money against high-yielding gold jewellery. It had around 986 branches at end-March 2025, mainly in the southern region of India.

Key Financial Indicators

Particulars	FY25	FY24
Total assets (INR million)	63,834	59,857
Total equity (INR million)	10,469	8,763
Net profit (INR million)	1,270	1,136
Return on average assets (%)	2.06	2
Equity/assets (%)	16.4	14.6
Tier 1 capital (%)	17.39	16
Source: KFL; Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Rating/ Outlook	Historical Rating/Outlook								
				17 April 2025	26 December 2024	8 October 2024	26 June 2024	26 February 2024	24 November 2023	10 August 2023	17 February 2023	23 November 2022
Bank loan	Long-term	INR29,500	IND A/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable
Non-convertible debentures	Long-term	INR28,446.45	IND A/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable
Commercial paper	Short-term	INR1,000	IND A1	-	-	-	-	-	-	-	-	-

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Commercial paper	Low
Non-convertible debentures	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

Annexure

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
NCD (Unsecured)	INE403Q08092	08 January 2018	10	07 May 2025	INR186	WD (paid in full)
NCD (Unsecured)	INE403Q08100	08 January 2018	0	07 May 2025	INR114	WD (paid in full)
NCD (secured)	INE403Q07912	23 April 2018	0	22 August 2025	INR166	IND A/Stable
NCD (Unsecured)	INE403Q08118	24 September 2018	10.25	23 September 2025	INR73	IND A/Stable
NCD (Unsecured)	INE403Q08126	24 September 2018	0	23 September 2025	INR212	IND A/Stable
NCD (Unsecured)	INE403Q08134	31 January 2019	10.25	30 January 2026	INR50	IND A/Stable
NCD (Unsecured)	INE403Q08142	31 January 2019	0	30 January 2026	INR148	IND A/Stable
NCD (Unsecured)	INE403Q08159	06 May 2019	10.25	05 May 2026	INR41	IND A/Stable
NCD (Unsecured)	INE403Q08167	06 May 2019	0	05 May 2026	INR130	IND A/Stable
NCD (Unsecured)	INE403Q08175	21 August 2019	10.25	20 August 2026	INR53	IND A/Stable
NCD (Unsecured)	INE403Q08183	21 August 2019	0	20 August 2026	INR192	IND A/Stable
NCD (Secured)	INE403Q07AV7	10 December 2019	0	09 June 2025	INR51	WD (paid in full)
NCD (Secured)	INE403Q07AW5	10 December 2019	10.25	09 December 2026	INR103	IND A/Stable
NCD (Secured)	INE403Q07AX3	10 December 2019	0	09 December 2026	INR234	IND A/Stable
NCD (Secured)	INE403Q07BD3	29 May 2020	0	28 November 2025	INR84	IND A/Stable
NCD (Unsecured)	INE403Q08191	29 May 2020	10.25	28 May 2027	INR93	IND A/Stable
NCD (Unsecured)	INE403Q08209	29 May 2020	0	28 May 2027	INR180	IND A/Stable
NCD (Secured)	INE403Q07BK8	14 October 2020	10.25	13 October 2027	INR133	IND A/Stable
NCD (Secured)	INE403Q07BL6	14 October 2020	0	13 October 2027	INR181	IND A/Stable
NCD (Secured)	INE403Q07CJ8	18 April 2022	8.75	17 April 2025	INR285	WD (paid in full)

NCD (Secured)	INE403Q07CK6	18 April 2022	0	17 April 2025	INR414	WD (paid in full)
NCD (Secured)	INE403Q07CL4	18 April 2022	9.25	17 October 2025	INR261	IND A/Stable
NCD (Secured)	INE403Q07CM2	18 April 2022	9.5	17 April 2026	INR226	IND A/Stable
NCD (Secured)	INE403Q07CN0	18 April 2022	0	17 October 2026	INR258	IND A/Stable
NCD (Secured)	INE403Q07CO8	18 April 2022	10	17 April 2027	INR1,183	IND A/Stable
NCD (Secured)	INE403Q07CP5	18 April 2022	0	17 August 2029	INR283	IND A/Stable
NCD (Secured)	INE403Q07DA5	16 January 2023	0	15 July 2025	INR110	WD (paid in full)
NCD (Secured)	INE403Q07DB3	16 January 2023	9	15 January 2026	INR337	IND A/Stable
NCD (Secured)	INE403Q07DE7	16 January 2023	0	15 April 2026	INR422	IND A/Stable
NCD (Secured)	INE403Q07DF4	16 January 2023	9.5	15 January 2027	INR1,036	IND A/Stable
NCD (Secured)	INE403Q07DC1	16 January 2023	0	15 July 2027	INR217	IND A/Stable
NCD (Secured)	INE403Q07DD9	16 January 2023	0	15 May 2030	INR194	IND A/Stable
NCD (Secured)	INE403Q07DL2	29 April 2023	8.75	28 April 2025	INR170.22	WD (paid in full)
NCD (Secured)	INE403Q07DH0	29 April 2023	0	28 October 2025	INR122.85	IND A/Stable
NCD (Secured)	INE403Q07DN8	29 April 2023	9	28 April 2026	INR169.47	IND A/Stable
NCD (Secured)	INE403Q07DM0	29 April 2023	0	28 July 2026	INR189.47	IND A/Stable
NCD (Secured)	INE403Q07DG2	29 April 2023	9.5	28 April 2027	INR560.8	IND A/Stable
NCD (Secured)	INE403Q07DI8	29 April 2023	0	28 October 2027	INR114.39	IND A/Stable
NCD (Secured)	INE403Q07DJ6	29 April 2023	0	28 August 2030	INR114.52	IND A/Stable
NCD (Secured)	INE403Q07DO6	28 September 2023	0	27 May 2025	INR316	WD (paid in full)
NCD (Secured)	INE403Q07DT5	28 September 2023	8.75	27 September 2025	INR124	IND A/Stable
NCD (Secured)	INE403Q07DP3	28 September 2023	0	27 March 2026	INR97	IND A/Stable
NCD (Secured)	INE403Q07DU3	28 September 2023	9.25	27 September 2026	INR128	IND A/Stable
NCD (Secured)	INE403Q07DQ1	28 September 2023	0	27 December 2026	INR243	IND A/Stable
NCD (Secured)	INE403Q07DV1	28 September 2023	10	27 September 2027	INR883	IND A/Stable
NCD (Secured)	INE403Q07DS7	28 September 2023	0	27 March 2028	INR143	IND A/Stable
NCD (Secured)	INE403Q07DR9	28 September 2023	0	27 January 2031	INR66	IND A/Stable
NCD (Secured)	INE403Q07DX7	18 January 2024	0	17 July 2025	INR370	WD (paid in full)
NCD (Secured)	INE403Q07EE5	18 January 2024	8.75	17 January 2026	INR126	IND A/Stable
NCD (Secured)	INE403Q07DZ2	18 January 2024	0	17 July 2026	INR86	IND A/Stable
NCD (Secured)	INE403Q07DY5	18 January 2024	9.25	17 January 2027	INR135	IND A/Stable
NCD (Secured)	INE403Q07EB1	18 January 2024	0	17 April 2027	INR107	IND A/Stable
NCD (Secured)	INE403Q07ED7	18 January 2024	10	17 January 2028	INR951	IND A/Stable
NCD (Secured)	INE403Q07EC9	18 January 2024	0	17 July 2028	INR105	IND A/Stable

NCD (Secured)	INE403Q07EA3	18 January 2024	0	17 May 2031	INR81	IND A/Stable
NCD (Secured)	INE403Q07EK2	26 April 2024	0	25 October 2025	INR205	IND A/Stable
NCD (Secured)	INE403Q07EF2	26 April 2024	8.75	25 April 2026	INR147	IND A/Stable
NCD (Secured)	INE403Q07EJ4	26 April 2024	0	25 October 2026	INR76	IND A/Stable
NCD (Secured)	INE403Q07EL0	26 April 2024	9.5	25 April 2027	INR224	IND A/Stable
NCD (Secured)	INE403Q07EI6	26 April 2024	0	25 July 2027	INR156	IND A/Stable
NCD (Secured)	INE403Q07EM8	26 April 2024	10	25 April 2028	INR869	IND A/Stable
NCD (Secured)	INE403Q07EG0	26 April 2024	0	25 October 2028	INR66	IND A/Stable
NCD (Secured)	INE403Q07EH8	26 April 2024	0	25 August 2031	INR52	IND A/Stable
NCD (Secured)	INE403Q07EN6	07 August 2024	9	6 February 2026	INR469	IND A/Stable
NCD (Secured)	INE403Q07ES5	07 August 2024	9.25	06 August 2026	INR98	IND A/Stable
NCD (Secured)	INE403Q07EQ9	07 August 2024	9.41	06 February 2027	INR79	IND A/Stable
NCD (Secured)	INE403Q07ET3	07 August 2024	10	06 August 2027	INR447	IND A/Stable
NCD (Secured)	INE403Q07ER7	07 August 2024	9.75	6 November 2027	INR40	IND A/Stable
NCD (Secured)	INE403Q07EU1	07 August 2024	10.25	06 August 2029	INR140	IND A/Stable
NCD (Secured)	INE403Q07EP1	07 August 2024	10.67	06 August 2028	INR221	IND A/Stable
NCD (Secured)	INE403Q07EO4	07 August 2024	10.41	06 August 2031	INR108	IND A/Stable
NCD (Secured)	INE403Q07EV9	16 August 2024	11	1 June 2026	INR500	IND A/Stable
NCD (Secured)	INE403Q07FA0	12 December 2024	9	11 June 2026	INR320	IND A/Stable
NCD (Secured)	INE403Q07EX5	12 December 2024	9.25	11 December 2026	INR96	IND A/Stable
NCD (Secured)	INE403Q07FD4	12 December 2024	9.41	11 June 2027	INR97	IND A/Stable
NCD (Secured)	INE403Q07EY3	12 December 2024	10	11 December 2027	INR748	IND A/Stable
NCD (Secured)	INE403Q07EW7	12 December 2024	9.75	11 March 2028	INR60	IND A/Stable
NCD (Secured)	INE403Q07EZ0	12 December 2024	10.25	11 December 2029	INR158	IND A/Stable
NCD (Secured)	INE403Q07FB8	12 December 2024	10.67	11 December 2028	INR213	IND A/Stable
NCD (Secured)	INE403Q07FC6	12 December 2024	10.41	11 December 2031	INR71	IND A/Stable
NCD (Secured)	INE403Q07FE2	1 January 2025	10	31 December 2026	INR750	IND A/Stable
NCD (Secured)	INE403Q07FN3	13 March 2025	10	12 March 2027	INR1,000	IND A/Stable
NCD (Secured)	INE403Q07FF9	15 April 2025	0	14 July 2028	INR86.41	IND A/Stable
NCD (Secured)	INE403Q07FG7	15 April 2025	9.5	14 April 2027	INR172.13	IND A/Stable
NCD (Secured)	INE403Q07FH5	15 April 2025	10	14 April 2028	INR884.59	IND A/Stable
NCD (Secured)	INE403Q07FI3	15 April 2025	0	14 April 2028	INR49.14	IND A/Stable
NCD (Secured)	INE403Q07FJ1	15 April 2025	0	14 April 2032	INR80.8	IND A/Stable
NCD (Secured)	INE403Q07FK9	15 April 2025	0	14 April 2029	INR243.47	IND A/Stable

NCD (Secured)	INE403Q07FL7	15 April 2025	10.25	14 April 2030	INR222.35	IND A/Stable
NCD (Secured)	INE403Q07FM5	15 April 2025	0	14 October 2026	INR261.06	IND A/Stable
NCD (Secured)	INE403Q07FQ6	01 July 2025	10	31 December 2027	INR750	IND A/Stable
NCD (Secured)	INE403Q07FZ7	09 July 2025	10.62	09 July 2027	INR250	IND A/Stable
NCD (Secured)	INE403Q07GA8	09 July 2025	10.62	09 July 2027	INR250	IND A/Stable
NCD (Secured)	INE403Q07FV6	24 July 2025	0	23 July 2032	INR124.70	IND A/Stable
NCD (Secured)	INE403Q07FU8	24 July 2025	10	23 July 2030	INR102.48	IND A/Stable
NCD (Secured)	INE403Q07FR4	24 July 2025	0	23 September 2029	INR157.38	IND A/Stable
NCD (Secured	INE403Q07FW4	24 July 2025	10	23 January 2029	INR49.99	IND A/Stable
NCD (Secured	INE403Q07FS2	24 July 2025	0	23 January 2029	INR30.11	IND A/Stable
NCD (Secured	INE403Q07FX2	24 July 2025	10	23 July 2028	INR683.18	IND A/Stable
NCD (Secured	INE403Q07FY0	24 July 2025	0	23 July 2028	INR204.95	IND A/Stable
NCD (Secured	INE403Q07FT0	24 July 2025	0	23 January 2027	INR647.17	IND A/Stable
Total utilised limit					INR23,696.41	IND A/Stable
Total limit					INR28,446.45	IND A/Stable
Total unutilised limit					INR4,750.04	IND A/Stable
Source: NSDL, Company						

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

The Rating Process

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria