Crisil Ratings

Rating Rationale

December 19, 2025 | Mumbai

IFL Finance Limited

'Crisil BBB / Stable' assigned to Non Convertible Debentures

Rating Action

Total Bank Loan Facilities Rated	**Rs.170 Crore**
Long Term Rating	**Crisil BBB/Stable (Reaffirmed)**

Rs.30 Crore Non Convertible Debentures	**Crisil BBB/Stable (Assigned)**
Rs.40 Crore Non Convertible Debentures	**Crisil BBB/Stable (Reaffirmed)**

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has assigned its **'Crisil BBB/Stable'** rating to Rs 30 crore non-convertible debentures (NCDs) of IFL Finance Limited (IFL Finance; formerly known as IFL Housing Finance Limited). Crisil Ratings has also reaffirmed its rating on the existing non convertible debentures and long-term bank facilities of IFL Finance at 'Crisil BBB/Stable'.

The rating is driven by the company's healthy profitability and managed asset quality, as well as adequate capitalisation for the current scale of operations backed by periodic equity infusion from the promoters and experience of the management. These strengths are partially offset by limited, though improving, track record of scaling of gold loan business and moderate resource profile.

IFL Finance (formerly IFL Housing) commenced operations in January 2018 and extended home loans (HL) primarily for renovations and extensions (26% of loan book as on September 30, 2025), gold loans (73%) and loans against property [LAP] (1%). Post March 2024, the company has realigned focus to concentrate predominantly on the gold loan business and gradually rundown other businesses. The company has surrendered its housing finance company (HFC) license and has become a non-banking financial company (NBFC) effective June 2025. While home loans and LAP were primarily extended to low-income and middle-income borrowers in tier 5 and 6 towns, gold loans are mainly to borrowers in Delhi, National Capital Region (NCR) & Karnal, Haryana. Assets under management (AUM) have grown to Rs 332 crore as on March 31, 2025 (Rs 279 crore as on March 31, 2024). Further AUM grew to Rs 399 crore as on September 30, 2025.

The company has experienced management, headed by Mr. Gopal Bansal who is the founder, CEO and Managing Director. The bulk of gold loan business workforce comes with relevant prior experience in this segment. The defocussed businesses of home loan and LAP are handled only by the collections team while no new disbursements have been undertaken since March 2024.

Capitalisation is adequate for the current scale of operations with tangible net worth of Rs 170 crore and a modest leverage of 1.4 times as on September 30, 2025. For its scale, the company's resource mix is moderately diversified with 35 lenders. Of the total borrowings as on September 30, 2025, 30% were from banks and small finance banks, 69% from NBFCs/HFCs, and 1% from National Housing Bank (NHB).

As on March 31, 2025, and September 30, 2025 (provisional), IFL reported overall gross non-performing assets (GNPA) of 0.7%. Profitability has improved with profit after tax of Rs 18.1 crore in FY25, because of healthy net interest margins (NIMs), improving operating efficiency and benign credit cost.

Going forward, the company's profitability trajectory particularly in terms of absolute earnings and ability to manage credit losses while scaling up its gold loan book will be a key monitorable.

Analytical Approach

Crisil Ratings has analysed the standalone business and financial risk profiles of IFL Finance.

Key Rating Drivers - Strengths

Adequate capitalisation levels to support planned growth

IFL Finance's capitalisation is supported by equity infusion of Rs 107 crore by the promoters since inception. Tangible net worth and capital adequacy ratio stood at Rs 170 crore and 54.1%, respectively as on September 30,2025 as against Rs 159 crore and 65.8% as on March 31, 2025. (Rs 106 crore and 62.9% as on March 31, 2024)

The company’s leverage is moderate at 1.4 times as on September 30, 2025, and management aims to maintain it below 3.0 times over the medium term.

IFL Finance’s non-operating holding company, India Finsec Limited owns 71% stake in IFL Finance as on September 30,2025, and promoters, Gopal Bansal and his wife Sunita Bansal hold 9% each. The remaining stake is held by friends and family of the promoter. India Finsec Limited is listed on the BSE and 56% of the holding in this entity is with Mr. Bansal and his friends and family, while the remaining is publicly held.

The promoter is exploring avenues for capital raise from external investors, to support growth in the medium to long term. However, in the near to medium term, the promoter aims to infuse capital and continue to hold majority stake in the company.

Improving earnings profile
The company’s profitability has been on an improving trend supported by healthy growth in interest income. During fiscal 2025, return on managed assets (RoMA) improved to 5.5% compared to 4.2% during fiscal 2024 with PAT of Rs 18.1 crore compared to Rs 12.1 crore for the same periods. Profitability trends remained healthy for 1HFY26 with RoMA of 5.5% (annualised) and PAT (provisional) of Rs 11 crore.

Net interest margins have remained strong for the company given that they have been operating in a very high yield segment of 24% for home loans. Incremental disbursements since fiscal 2024 were only towards gold loans where yield range from 18-21%, NIMs remained range bound at 14.1% in FY25, compared to 14.2% in FY24 given growth of loan book towards risker borrower profile. Operating expenses remain elevated, although reduced to 6.7% in FY25 from 8.3% in FY24. Operating efficiency is expected to improve with scale up in portfolio but the planned branch expansion in the current fiscal is expected to keep expenses at similar levels.

Profitability also benefits from very low credit costs currently. The company had credit costs in range of 0.2%-0.3% on steady state basis. Going ahead, ability to manage credit loss on the gold portfolio through effective auction processes, as the book continues to scale up, will need to be demonstrated.

Experienced management teams
Mr. Gopal Bansal (CEO & Managing Director) is a first-generation entrepreneur and has experience of around 19 years in the field of banking and finance. He was associated with a large private sector bank as a channel partner for home loans prior to starting IFL Finance (formerly IFL Housing) and was also a practicing CA.

The current senior management has been with the company since inception and has played a critical role in expanding the business operations. The company also has an experienced second line, which has helped put adequate systems, processes, and policies in place to manage inherent risks in the borrower profile.

<u>Key Rating Drivers - Weaknesses</u>
Limited, though improving, track record of operations
IFL Finance started operations in January 2018 and has grown its AUM to Rs 332 crore as on March 31, 2025, from Rs 279 crore as on March 2024 (Rs 251 crore as on March 31, 2023). This further grew to Rs 399 crore as on September 30, 2025. As of the same date, the composition of the loan book was: 73% gold loans, 26% home loans, and 1% loans against property. IFL Finance has presence in Rajasthan, Madhya Pradesh, Haryana and Delhi with 82% of the total portfolio being concentrated in Rajasthan and Delhi.

The company reported GNPA of 0.7% as on March 31, 2025, and September 30, 2025 (provisional), pertaining to housing and LAP. The net non-performing assets (NNPA) was 0.5%, as on same dates.

A significant portion of the gold loan book is new. Therefore, ability to successfully manage collections and recovery over a sustained period in this borrower segment and on the remaining housing loan book still need to be seen. The company expects the home loan book to fully run down over a three-year period. Going ahead, successful scaling up of gold business operations as a newly incorporated NBFC while adhering to regulatory compliances will need to be demonstrated.

Moderate resource profile for the scale of operations and high cost of funds
IFL Finance’s resource profile is skewed towards NBFCs, comprising funding relationships with 35 lenders with 30% of borrowings from banks and small finance banks, 69% from NBFCs/HFCs, and 1% from NHB as on September 30, 2025. The borrowings on the same date stood at Rs 239 crore as against Rs 188 crore as on March 31, 2025. As the company continues to scale its operations, diversifying its resource profile to achieve an optimal cost of funding remains to be seen.

Inherently risky borrower profile
The company’s housing customers included people in the economically weaker sections, low and middle-income group (EWS/LIG/MIG) as well as to self-employed/salaried people in the organized/unorganized sector. These included grocery shop owners, street and vegetable vendors, small business establishment owners, working capital borrowers, auto rickshaw & cab drivers, barbers, and carpenters, which are vulnerable to economic cycles hence could be relatively riskier in nature.

In gold loan segment, the target borrower segment mainly comprises secured loans to low to middle income group borrowers- small to medium businessmen and working capital borrowers. These are largely self-employed with some having informal income sources which makes them vulnerable to cash flow fluctuations and limited access to liquidity, in case of an exigency.

The shift from housing loans to gold loans implies a higher focus on collateral based underwriting and lower legal and technical bandwidth on collateral enforcement, even as collections on the degrowing housing book will remain a monitorable.

Liquidity Adequate
As on November 30, 2025, the asset liability maturity profile had positive cumulative mismatches in all the time buckets. The Company had cash and equivalents (including liquid investments) of Rs 40.9 [provisional] (excluding term loans and securitization) crore as on November 30, 2025, against debt obligation of Rs 27.7 crore due for servicing over two months until January 2026. This represents liquidity cover of 1.5 times for two months. In addition, the company had unutilised lines of Rs 14 crore as on November 30, 2025. As an internal policy, the company maintains on-balance sheet liquidity to cover three months of debt and operating expenses.

Outlook Stable
IFL Finance will maintain adequate capitalisation over the medium term with steady growth in the AUM. Ability to maintain asset quality and improve absolute earnings as the gold loan book seasons will be a key monitorable.

Rating sensitivity factors
Upward factors
- Substantial scale up in franchise while maintaining asset quality
- Diversification of resource profile and improvement in cost of funding
- Significant and sustained increase in absolute earnings while maintaining profitability at current levels on a steady state basis

Downward factors
- Deterioration in capital structure, with sharp and sustained increase in gearing
- Deterioration in asset quality thereby impacting earnings with return on average assets below 1.5%

About the Company
IFL Finance was a housing finance company engaged in financing of home loans, loans against property and gold loans. It was incorporated in September 2015, and it commenced its operations in January 2018 on receipt of its HFC licence. Presently, the company has transitioned into an NBFC after surrendering its HFC license in June 2025, specialising in the gold loan business, with the HL and LAP business on a gradual run down. The company is led by CA Gopal Bansal who has around two decades of expertise in finance, portfolio management, etc.

The promoter, India Finsec Limited, a BSE listed NBFC, holds around 71% shareholding in IFL Finance as on March 31, 2025. Mr Gopal Bansal is the Chairman and Managing Director of the parent entity.

AUM of the company grew to Rs 332 crore as on March 31, 2025, from Rs 279 crore as on March 31, 2024. The company reported PAT of Rs 18.1 crore and total income (net of interest expense) of Rs 46.0 crore for fiscal 2025, against Rs 12.1 crore and Rs 40.5 crore, respectively, for fiscal 2024.

Key Financial Indicators

As on/for the period ending	Unit	Sept 2025	March 2025	March 2024	March 2023
		IND AS (Provisional)	IND AS	IND AS	IND AS
Total assets	Rs crore	429	362	301	276
Total tangible networth	Rs crore	170	159	106	94
Gearing	Times	1.4	1.2	1.7	1.8
PAT	Rs crore	11.0	18.1	12.1	4.5
Return on managed assets	%	5.5*	5.5	4.2	2.0

*annualised

Status of non cooperation with previous CRA
IFL Finance has not cooperated with INFOMERICS Valuation and Rating Private Limited, which has classified it as issuer non-cooperative vide release dated Oct 11, 2023. The reason provided by INFOMERICS is non-furnishing of information for monitoring of ratings.

Any other information: Not applicable

Note on complexity levels of the rated instrument:
Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook

INE01XO07017	Non Convertible Debentures	18-Nov-25	12.25	18-Nov-27	19.98	Simple	Crisil BBB/Stable
NA	Non Convertible Debentures[#]	NA	NA	NA	30.00	Simple	Crisil BBB/Stable
NA	Non Convertible Debentures[#]	NA	NA	NA	20.02	Simple	Crisil BBB/Stable
NA	Overdraft Facility[&]	NA	NA	NA	17.00	NA	Crisil BBB/Stable
NA	Proposed Long Term Bank Loan Facility[$]	NA	NA	NA	46.48	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	27-Feb-27	0.94	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	21-Jun-27	8.04	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	05-Nov-26	2.67	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	29-Jul-32	1.96	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	05-Aug-27	8.85	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	31-Jan-27	2.94	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	29-Sep-26	3.78	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	27-Mar-27	1.96	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	29-Aug-26	1.56	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	12-Jun-27	0.12	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	21-Jun-27	6.94	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	19-Apr-26	0.62	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	29-Jun-27	7.92	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	27-Dec-29	16.00	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	25-Aug-26	1.04	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	18-Jun-27	15.83	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	19-Apr-26	0.35	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	03-Dec-27	25.00	NA	Crisil BBB/Stable

 # Yet to be issued
& - Overdraft is as per sanctioned amount
$ - Interchangeable with short term bank loan facility

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	**Type**	**Outstanding Amount**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Rating**
Fund Based Facilities	LT	170.0	Crisil BBB/Stable	10-11-25	Crisil BBB/Stable	06-11-24	Crisil BBB-/Stable	10-08-23	Crisil BBB-/Stable		--	--

			--	22-09-25	Crisil BBB-/Stable	13-08-24	Crisil BBB-/Stable		--		--	--
Non Convertible Debentures	LT	70.0	Crisil BBB/Stable	10-11-25	Crisil BBB/Stable		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Overdraft Facility&	7	City Union Bank Limited	Crisil BBB/Stable
Overdraft Facility&	10	The Federal Bank Limited	Crisil BBB/Stable
Proposed Long Term Bank Loan Facility%	46.48	Not Applicable	Crisil BBB/Stable
Term Loan	0.94	Sundaram Home Finance Limited	Crisil BBB/Stable
Term Loan	0.35	DCB Bank Limited	Crisil BBB/Stable
Term Loan	25	AU Small Finance Bank Limited	Crisil BBB/Stable
Term Loan	8.04	Capital Small Finance Bank Limited	Crisil BBB/Stable
Term Loan	2.67	Electronica Leasing and Finance Limited	Crisil BBB/Stable
Term Loan	1.96	National Housing Bank	Crisil BBB/Stable
Term Loan	8.85	Paul Merchants Finance Private Limited	Crisil BBB/Stable
Term Loan	2.94	Bandhan Bank Limited	Crisil BBB/Stable
Term Loan	16	State Bank of India	Crisil BBB/Stable
Term Loan	1.04	AU Small Finance Bank Limited	Crisil BBB/Stable
Term Loan	15.83	AU Small Finance Bank Limited	Crisil BBB/Stable
Term Loan	3.78	State Bank of India	Crisil BBB/Stable
Term Loan	1.96	Nabsamruddhi Finance Limited	Crisil BBB/Stable
Term Loan	1.56	Sundaram Home Finance Limited	Crisil BBB/Stable
Term Loan	0.12	National Housing Bank	Crisil BBB/Stable
Term Loan	6.94	AU Small Finance Bank Limited	Crisil BBB/Stable
Term Loan	0.62	AU Small Finance Bank Limited	Crisil BBB/Stable
Term Loan	7.92	A. K. Capital Finance Limited	Crisil BBB/Stable

& - Overdraft is as per sanctioned amount
% - Interchangeable with short term bank loan facility

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for Finance and Securities companies (including approach for financial ratios)

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