RAC

Title

India Ratings Assigns Indel Money's NCD 'IND A-/Stable'; Affirms existing ratings

Brief

India Ratings and Research (Ind-Ra) has taken the following rating actions on Indel Money Limited's (IML) debt instruments:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Commercial paper	-	-	Up to 365 days	INR250	IND A1	Affirmed
Non-convertible debentures*	-	-	-	INR3,000	IND A-/Stable	Affirmed
Bank loan facilities	-	-	-	INR1,000	IND A-/Stable	Affirmed
Non-convertible debentures ^				INR 2,000	IND A-/Stable	Assigned

*Details in annexure

^ Yet to be issued

Analytical Approach

Ind-Ra continues to take a standalone view of IML while arriving at the ratings.

Detailed Rationale of the Rating Action

The ratings reflect Ind-Ra's expectation of sustained growth in IML's operations over the medium term, supported by adequate internal accruals. The ratings also factor in the company's stable profitability, improved operational efficiency as demonstrated by higher assets under management (AUM) per branch of INR95 million, a strong asset quality, controlled credit costs, adequate capital buffers, and experienced promoters and management team.

The ratings further benefit from IML's expanding franchise with AUM surpassing INR30,000 million, and increasing footprints in southern geographies. The company has also demonstrated resilience by maintaining stable asset quality through periods of stress, including the COVID-19 pandemic and demonetisation.

However, the ratings are constrained by IML's limited funding profile relative to its peers.

List of Key Rating Drivers

Strengths

- Established track record of capital infusion by promoters; adequate capital buffers
- Reasonable scale of franchisee; maintained runaway growth
- Experienced promoters and management team
- Stable asset quality
- Stable profitability metrics

Weaknesses

- Diversification in funding profile along with reduction in overall cost of borrowings remains to be seen

Detailed Description of Key Rating Drivers

Established Track Record of Capital Infusion by Promoters; Adequate Capital Buffers: IML's promoters have consistently demonstrated their commitment to the company's growth by infusing equity capital at regular intervals. This approach has not only ensured timely support for expansion but also strengthened IML's overall capital position as indicated by a significant increase in the net worth to INR4,990 million in 9MFY26 (FY25: INR3,194 million; FY24: INR2,112 million; FY23: INR1,616 million). During FY24-FY25, the promoters infused INR637 million, followed by an additional INR419 million between March and September 2025 and INR500 million during January-February 2026. These infusions have reinforced IML's medium-term growth momentum and provided a foundation for scaling up operations. As of 9MFY26, IML maintains a robust capital base of INR4,990 million. On the liability side, the outstanding debt stood at INR23,452 million at 9MFYE26, translating into leverage (debt-to-tangible equity) of 4.7x (FY25: 4.4x; FY24: 4.3x). The capital risk adequacy ratio stood at 21.9% in 9MFY26, slightly higher than 20.5% in FY25 (FY24: 22.6%). Ind-Ra expects IML's leverage to remain at similar levels in the near term, with the management intending to cap leverage at 5.0x over the long term.

Reasonable Scale of Franchisee; Maintained Runaway Growth: IML has built a strong presence in the gold loan segment, with approximately 95% of its AUM concentrated in gold loans. Backed by over a decade of operational experience, the company has successfully navigated multiple business cycles, including periods of significant volatility in gold prices. Its franchise continues to grow steadily, particularly in southern India, which accounts for nearly 66% of its AUM as of 30 September 2025, while it is gradually expanding into non-southern markets.

IML's AUM grew at a CAGR of 40.35% to INR34,770 million over FY23-9MFY26 (FY25: INR23,300 million; FY24: INR15,330 million; FY23: INR10,100 million) and AUM per branch rose to INR95 million in 9MFY26 (1HFY26: INR70.49 million; FY25: INR64 million; FY24: INR53.6 million; FY23: INR46 million), reflecting increased operational efficiency. The company maintained a stable branch network of 366 branches as of 9MFY26 but plans to expand further in FY27, focusing on strengthening its presence in the core southern markets while selectively entering high-potential regions outside south. With the commencement of retail operations in 2013, IML has primarily targeted Tier-II and Tier-III cities, with operations concentrated in underserved regions across Tamil Nadu, Karnataka, Odisha, and Kerala. As of December 2025, Tamil Nadu contributed 26% to the portfolio, followed by Karnataka at 18%.

IML caters to a diverse customer base, including self-employed professionals, salaried individuals, and micro, small, and medium enterprise owners. The average ticket size is around INR 1 million, with loans ranging from INR0.02 million-1 million. Most loans have a tenure of 12 months and interest rates typically range between 12% and 24%, with an average loan-to-value (LTV) ratio of about 65%. The company employs over 2,000 personnel, including a dedicated field team of more than 200 employees responsible for lead generation, loan fulfillment, collections, and below-the-line marketing activities. This team plays a critical role in driving customer acquisition and ensuring end-to-end execution of loan disbursals.

At end-December 2025, 70% of IML's AUM consisted of own book and the balance was managed book, which included direct assignment and co-lending. IML, as a part of its strategy, aims to operate on a 70:30 model between own book and managed book, depending upon the funding and interest rate scenario.

Experienced Promoters and Management Team: The company is anchored by the chairman and managing director, who has over 30 years of experience in financial services. Each of the other senior leaders have more than 15 years of domain-specific expertise. IML's senior management team comprises four key personnel – chief executive officer, business head, credit head, and chief financial officer. IML's governance framework is overseen by a nine-member board, including four independent directors.

Stable Asset Quality: At 9MFYE26, IML's gross non-performing assets and net non-performing assets were 1.5% (FYE25: 1.9%; FYE24: 4.98%) and 1.31% (1.4%; 3.2%), respectively. Although the borrower class is vulnerable, the ultimate credit loss is limited due to the LTV capping at 75%, as per regulatory requirements, at the time of disbursements and the liquid nature of the collateral. Being in the gold loan business, IML's credit costs have always been modest and less volatile than other asset classes throughout the loan cycle, leading to better operating profitability buffers. At end-December 2025, IML's major book had an LTV of 60%-75%, leaving adequate headroom in case the company needs to opt for auctions to recover its dues.

The agency believes sustaining adequate LTV buffers, and timely auctions and recoveries will be critical for IML to maintain a stable asset quality. IML monitors LTV on the basis of daily gold prices, wherein the threshold LTV, which could trigger the company to seek additional collateral or initiate the auction process, is decided after considering the existing LTV (computed on the basis of the day's gold price) as the base and adding margins to factor in the impact on realisations due to volatility in gold prices until the auction process is completed. Once the exposure is closer to the threshold LTV, IML seeks additional collateral or starts the auction process depending on the response of the borrower, irrespective of the completion of the loan tenor, thereby mitigating the risk associated with gold price volatility over the loan tenor.

Stable Profitability Metrics: IML's profit after tax continued rising to INR759 million in 9MFY26 (FY25: INR445 million; FY24: INR395 million; FY23: INR205 million), supported by a return on AUM of 3.49% (2.39%; 3.30%; 2.2%). This performance has been aided by controlled operating expense ratio of 5.5% relative to the AUM in 9MFY24 (FY25: 7%; FY24: 8%). The yield on assets remained steady at 22% over FY24-3QFY26. 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. Credit costs remained minimal at 0.003% in 9MFY26 (FY25: 0.001%), owing to the company's focus on gold loans, which carry a lower risk than unsecured loans. The agency notes that the sustainability of IML's profitability will hinge on its ability to enhance productivity, preserve margins, and maintain tight control over credit costs.

Diversification in Funding Profile along with Reduction in Overall Cost of Borrowings Remains to be Seen: Non-convertible debentures represent 70% of IML's borrowing portfolio while term loans for the remainder with a weighted average cost of borrowing of around 12.30%. As of September 2025, the company had lending relationships with seven banks and 18 non-banking financial companies. IML's capital market instruments are largely subscribed by high net-worth individual investors. The agency believes increasing the share of funding from banks and the matured lending relationships with the existing lenders will be critical to contain the cost of borrowings.

Liquidity

Adequate: As per the asset-liability management statement of 31 March 2026, IML had a cumulative liquidity surplus in all its buckets with a positive cumulative mismatch of 53% of the total outflows in the up to one-year maturity bucket. As on 31st March 2026, the company had cash and bank balance of INR4840 million against the next three months' repayment obligations of INR3770 million. This is also supported by unutilised bank lines in the form of cash credit of around INR45 million. Since more than 90% of the book is into gold loans, these can be easily securitised in case of a stress scenario.

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, an improvement in the funding profile along with continued improvements in operational efficiency.

Negative: Any sharp rise in delinquency restricting 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.

Disclosures for CE Rating

Disclosures for Provisional Rating

ESG Issues

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 IML, 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 IML is a Reserve Bank of India-registered non-bank financial company, which mainly provides loans against high-yielding gold jewellery particularly in tier 2 and tier 3 cities. The company had 366 branches and AUM of INR34,770 million as of December 2025.

Key Financial Indicators

Particulars	9MFY26	FY25	FY24
Total assets (INR million)	30,211	18,948	12,449
Total tangible equity (INR million)	4,990	3,194	2,112
Profit after tax (INR million)	759	445	395
Tier 1 (%)	18.55	18.3	17.8
Gross non-performing asset (%)	1.5	1.7	4.9
Source : IML, Ind-Ra			

Applicable Criteria

- Non-Bank Finance Companies Criteria
- Evaluating Corporate Governance
- Financial Institutions Rating Criteria
- The Rating Process

Status of Non-Cooperation with Previous Rating Agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating /Outlook	
	Rating Type	Rated Limits (million)	Rating	7 April 2026	5 March 2026
Bank loan facilities	Long-term	INR1,000	IND A-/Stable	IND A-/Stable	IND A-/Stable
Non-convertible debentures	Long-term	INR5,000	IND A-/Stable	IND A-/Stable	IND A-/Stable
Commercial paper	Short-term	INR250	IND A1	IND A1	-

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

Complexity Level of the Instruments

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

Annexure

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Issue Size (million)	Rating/Outlook
Non-convertible debentures	INE0BUS07CK0	17 March 2026	10	17 April 2028	INR1,000	IND A-/Stable

Non-convertible debentures	INE0BUS07CL8	17 April 2026	10.5	17 April 2029	INR 1250	IND A-/Stable
Non-convertible debentures	INE0BUS07CM6	24 April 2026	10	24 May 2028	INR 750	IND A-/Stable
Total unutilised					INR2,000	IND A-/Stable
Total					INR 5,000	IND A-/Stable
Source: NSDL, Company						

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India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has six branch offices located at Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad and Kolkata. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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